



Knowledge grows

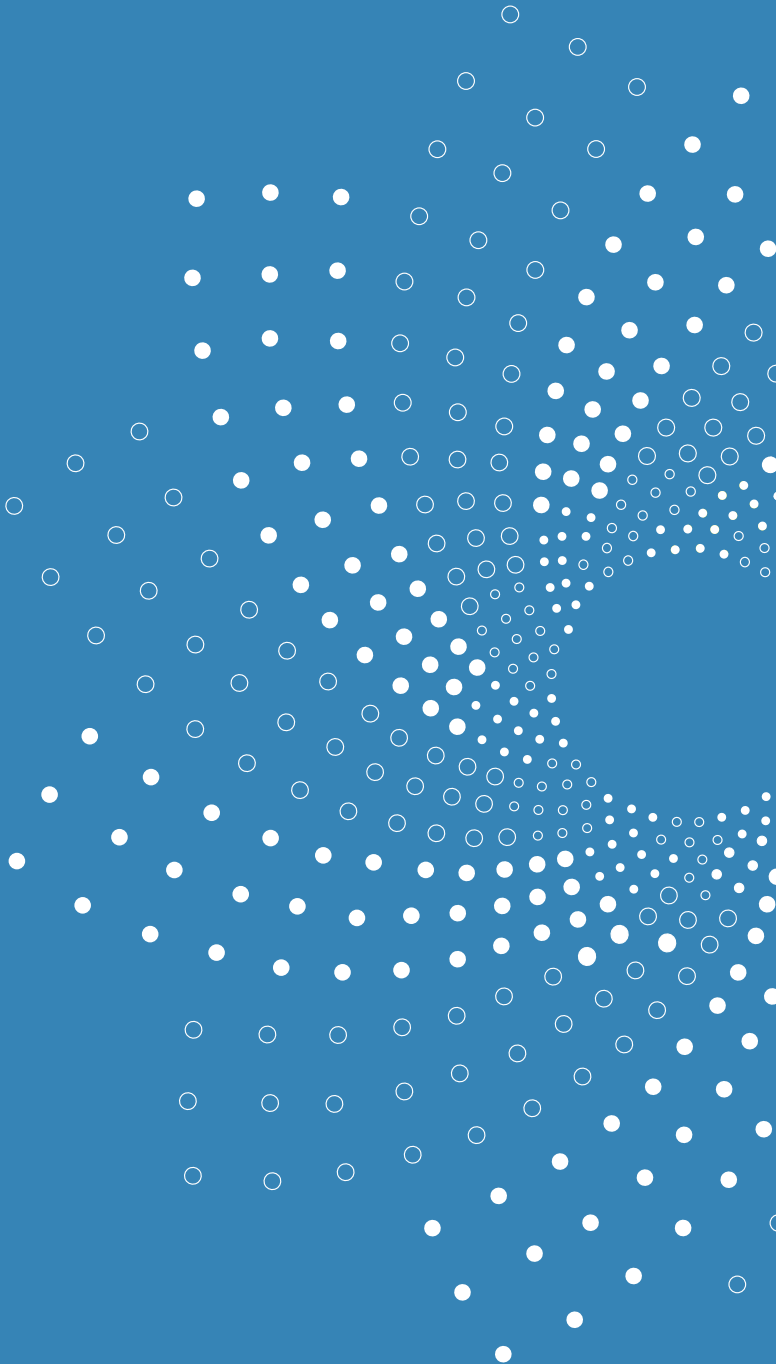
# Yara's GRI Report 2018



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# CEO message



# CEO Message

## Becoming the Crop Nutrition Company for the Future

### In a year full of achievements and challenges, three things deserve extra attention.

*For me, there are three main topics that not only reflect what we have done in 2018, but also what we will continue doing the coming years. We are stepping up our efforts to increase returns and drive continuous improvement, we have set a clear strategic direction, and we are driving innovation to create new businesses and revenue streams – all to deliver on our ambition to become the Crop Nutrition Company for the Future.*

Our new corporate strategy is the result of a year-long process, involving all parts of the company. It is centered around the three strategic priorities of advancing operational excellence, creating scalable solutions and driving innovative growth – each designed to support us in fulfilling our strategic ambition to be the Crop Nutrition Company for the Future.

#### 1. Increasing returns and driving improvement

After a period of growth and significant investments, our main focus is currently on optimal integration and operation of these new assets. Yara's earnings must improve in order to generate satisfactory returns for its shareholders and achieving this is a top priority for us. We are also significantly reducing our capital expenditure (CAPEX), which peaked at USD 2.2 billion in 2018, while committed investments for 2019 and 2020 are 1.3 and 1 billion US dollars respectively.

Yara's operations are affected by the global market prices. We have seen increased gas prices in 2018, which mean higher costs for us. At the same time, nitrogen prices have been at a relatively low level – although improving towards the end of the year. This has had a negative effect on revenues, but we have managed to compensate by increasing our sales of higher margin premium products. Even if we are not satisfied with our earnings, we are pleased to see an improving trend. We ended 2018 with the best fourth-quarter earnings (excluding special items)

in four years, with earnings per share (EPS) up 22% year over year.

Given our exposure towards global commodity prices – which we cannot control – it is crucial that we are vigilant about controlling what we actually can control. Already before the market prices started moving in a disadvantageous direction for us, we embarked on an ambitious path of improvement. We launched the Yara Improvement Program (YIP), with a very clear target: to improve our EBITDA with at least USD 500 million by 2020, measured in 2015 terms.

The original plan was to realize USD 300 million of improvements in 2018, but during the year we increased the target to 350 million. When we reached 31 December, the result was annual improvements of 355 million. While I am pleased that we are slightly ahead of target, our operational performance towards the end of the year was mixed, with several unplanned outages in our production plants. This shows that we still have work to do to reach the 500 million target, and that we cannot assume the path to get there will be smooth. However, YIP is fundamentally a journey towards a continuous improvement culture and way of working, and we have therefore decided to expand the program both in scope and time. All functions and processes will be included, and we will present the expanded improvement program and new targets at our Capital Markets Day later this year.

A world class safety culture is fundamental for all improvements. Safe operations are part of our license to operate. In a period with significant increase in number of employees we have seen a significant reduction in injuries. The past five years our TRI (total recordable injuries) is down almost 70 percent, from 4.3 to 1.4. However, this is overshadowed by the fatal accident suffered by one of our contractors in December. It was a tragic reminder of how important it is to eliminate injuries. We will not be satisfied before we see a TRI of zero.

#### 2. A clear strategic direction: closer to the farmer

Like so many other sectors, the food industry is going through tremendous change. Technology is affecting how food is grown, harvested, transported and sold. At the same time, consumers are scrutinizing producers,

demanding healthy food from sustainable sources. However, the technology and consumer trends are only two parts of the puzzle. Other crucial parts are the fact that 800 million people still go hungry to bed every night, 25 percent of the world's greenhouse gas emissions come from agriculture, one third of the food produced is wasted and that agriculture accounts for 70 percent of the fresh water usage. All of this is taking place while two billion people are undernourished, and the same number of people are overnourished.

If you summarize all of this, you get what at first glance looks like a Gordian knot – impossible to untie. It's no longer just about producing more food, but rather more healthy food and the food already produced cannot be wasted. At the same time emissions and water consumption must come down.

It will be extremely difficult, to say the least, but not impossible. In fact, the knowledge and solutions to produce more food with less input and reduced emissions, are already available. Today, rainforests are cut down to produce more food, resulting in increased emissions and less CO<sub>2</sub> capture. Through sustainable intensification of agriculture, it is possible to produce enough food within the planetary boundaries.

I am convinced that the food industry and the agricultural sector will come under even more public scrutiny, just like the energy sector and pharmaceutical industry. While it may be tempting for any company to duck those conversations, we won't. Instead, we welcome the debate and will take part in it. As long as it is science-based, we will sit down with other businesses, NGOs and governments to solve complex issues and drive sustainable agriculture. Hence, our strategic ambition of being the Crop Nutrition Company for the Future.

### 3. Innovation with a purpose

As already mentioned, agriculture and the entire food industry are going through tremendous change. The farmer of today is not merely an agronomist, but also head of IT, business development, procurement, marketing and sustainability.

Technology is driving and enabling this change. Farmers are digital first movers, using sensors, big data, cloud solutions and satellite supported tools.

Yara has always been at the forefront of technological development. In fact, we saw the spark of light in 1905 as a result of one of the most disruptive technologies the world has seen: the electro-magnetic canon invented by the brilliant scientist Kristian Birkeland, making possible the industrial production of fertilizers.



More than a decade ago we pioneered digital farming by developing the N-sensor; a tractor mounted sensor that analyzes the nutrient level in the field and adjusts fertilizer application in real-time. Since then, this technology has been made available in hand held devices and apps on smart phones.

Today, we meet with one million farmers a year. That is good, but not enough. There are more than 500 million farmers in the world, and through new technology, we can meet many of them in the digital space – reaching them with our crop knowledge and application advice.

In addition to the ramping up of our digital farming unit, we have also created a segment dedicated to driving new business development. And we're seeing tangible results already: we have developed a device that can be clipped on a mobile phone, turning it into a nutrient sensor. We are improving our logistics by building the world's first battery driven, zero emission, autonomous container ship. We have entered a partnership with the world's largest waste management company to explore the opportunities in circular economy. And we are working with partners to look at the possibility to develop green ammonia. Through partnerships we make sure that we not only are working with world leading experts, but also that we limit our financial exposure.

## Smart to good

The world is facing unprecedented challenges, and it is easy to be overwhelmed. Hoping that someone else will take responsibility and come up with the necessary solutions. In Yara, we have chosen to be part of the solution. Not because it's the nice thing to do, but because it's the smart thing to do. A couple of years ago, I was part of the Business and Sustainable Development Commission (BSDC) with amongst others Paul Polman of Unilever, Ho Ching of Temasek and Jack Ma of Alibaba. We looked at the potential of linking business to the UN Sustainable Development Goals (SDGs) and the conclusion was very encouraging: USD 12 trillion in potential value creation and more than 300 million new jobs.

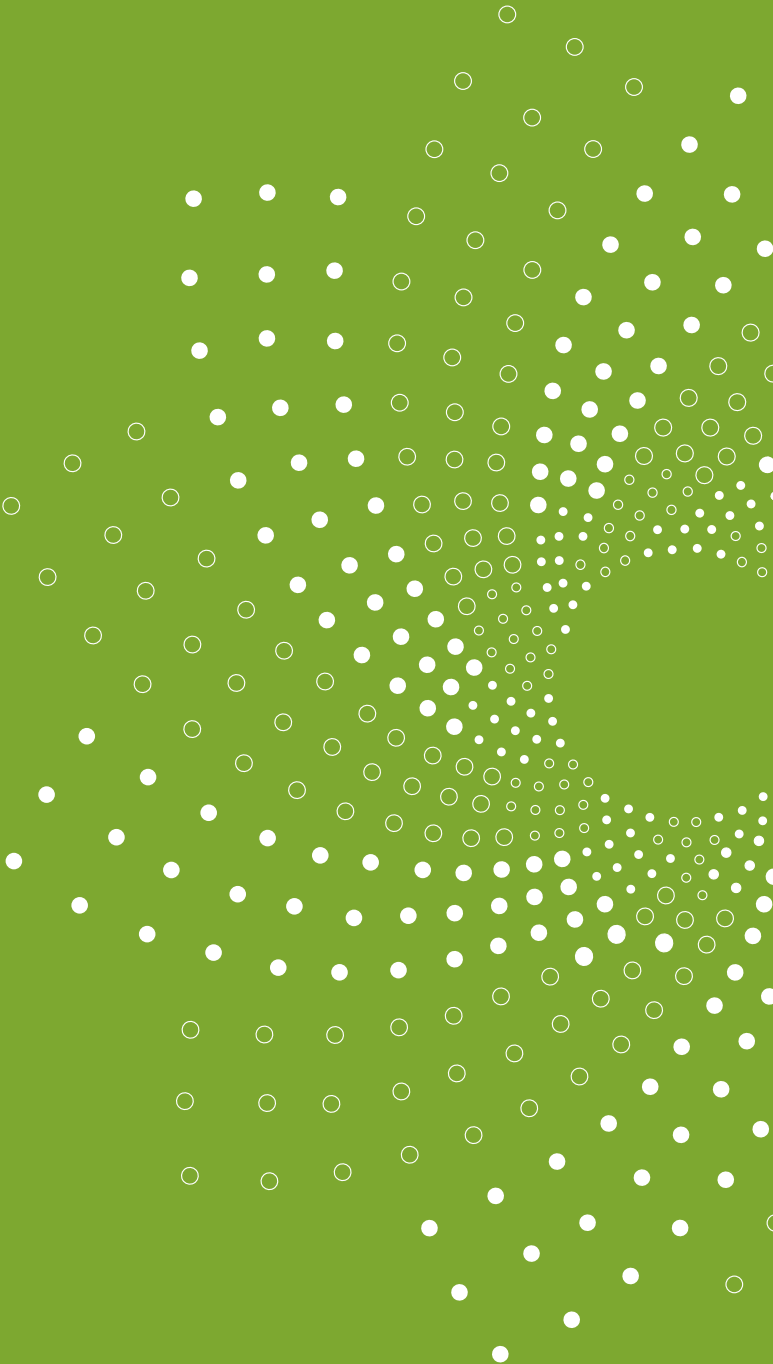
To me, this proves that change is very much about opportunities, and not just problems. I am encouraged especially when I speak to students about this. They are more conscious than my generation ever was, when it comes to contributing to solving challenges.

Young people don't just want a paycheck and then do charity later, like the generations before them. They want to earn their paycheck by doing something good and meaningful. Because they know that if they don't, there will be no "later".



Svein Tore Holsether  
President and CEO Yara

# Company presentation



# About Yara



*Responsibly feed the world  
and protect the planet*



*A collaborative society;  
a world without hunger;  
a planet respected.*



*Ambition  
Curiosity  
Collaboration  
Accountability*

Yara grows knowledge to responsibly feed the world and protect the planet, to fulfill our vision of a collaborative society, a world without hunger and a planet respected.

To meet these commitments, we have taken the lead in developing digital farming tools for precision farming and work closely with partners throughout the whole food value chain to develop more climate-friendly crop nutrition solutions. In addition, we are committed to working towards sustainable mineral fertilizer production.

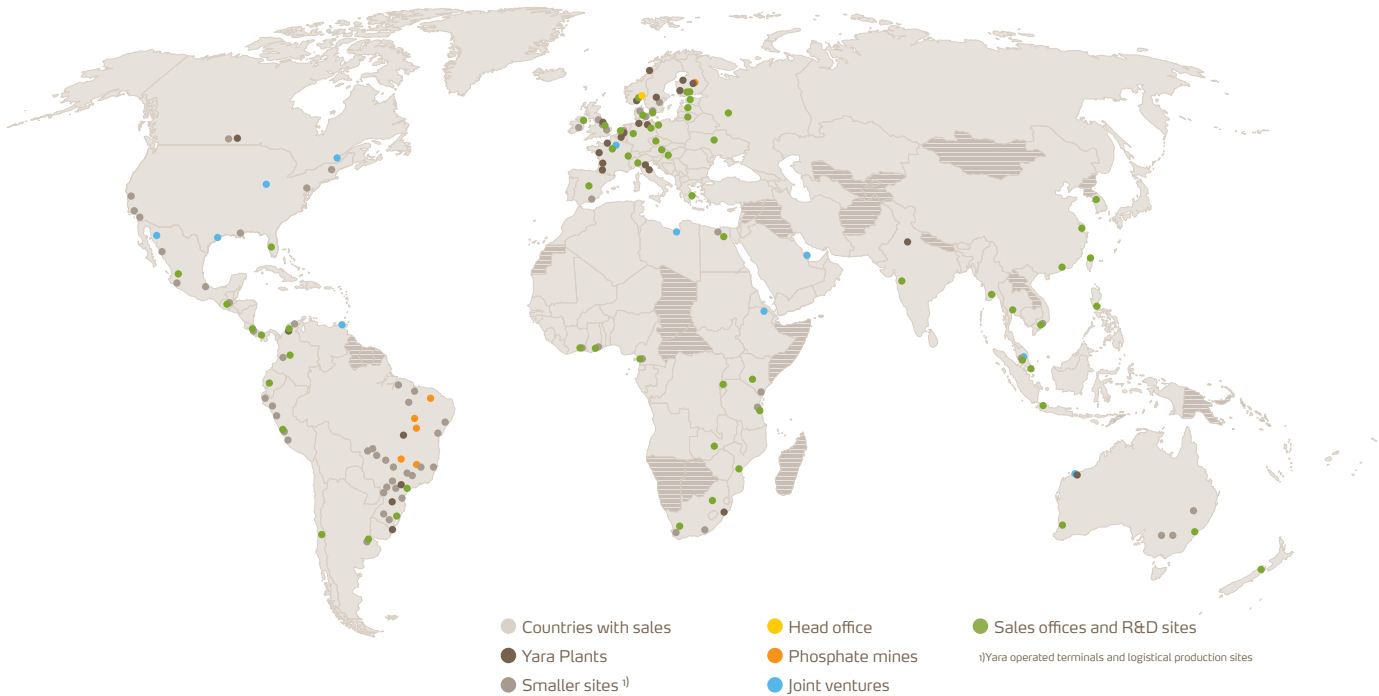
We foster an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, business partners, and society at large. Founded in 1905 to solve the emerging famine in Europe, Yara has a worldwide presence with about 17,000 employees and operations in over 60 countries. In 2018, Yara reported revenues of USD 12.9 billion.

[www.yara.com](http://www.yara.com)



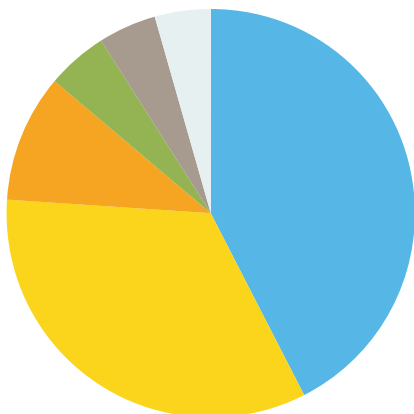
## Where we are

As the industry's only global player, we have production facilities on six continents, operations in more than 60 countries – and sales to about 160 countries.



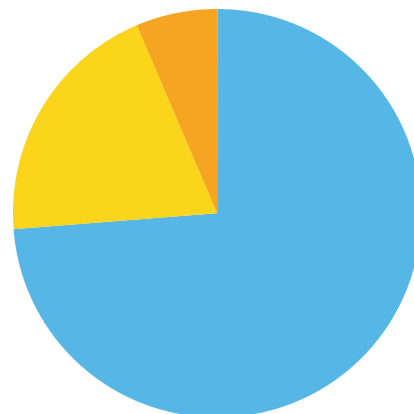
## Key figures

Employees by region  
Share of employees



Europe	6,512	39 %
Brazil	6,164	37 %
Latin America ex Brazil	1,487	9 %
Asia & Oceania	1,367	8 %
North America	667	4 %
Africa	557	3 %

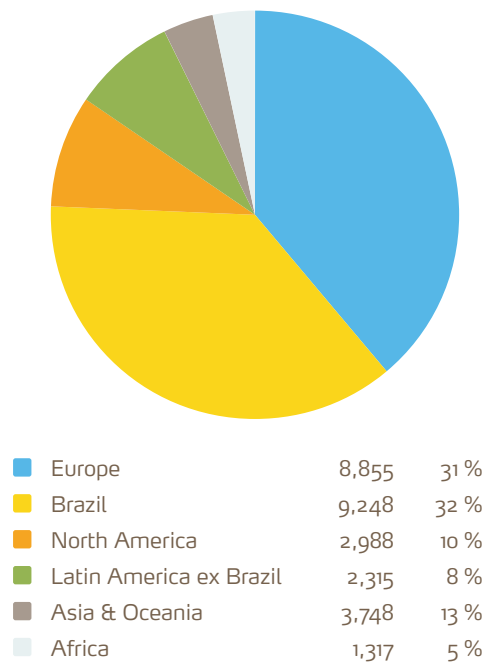
Sales by product  
Share of sales volume (thousand tonnes)



Fertilizer	28,471	74 %
Industrial products	7,653	20 %
Ammonia trade	2,478	6 %

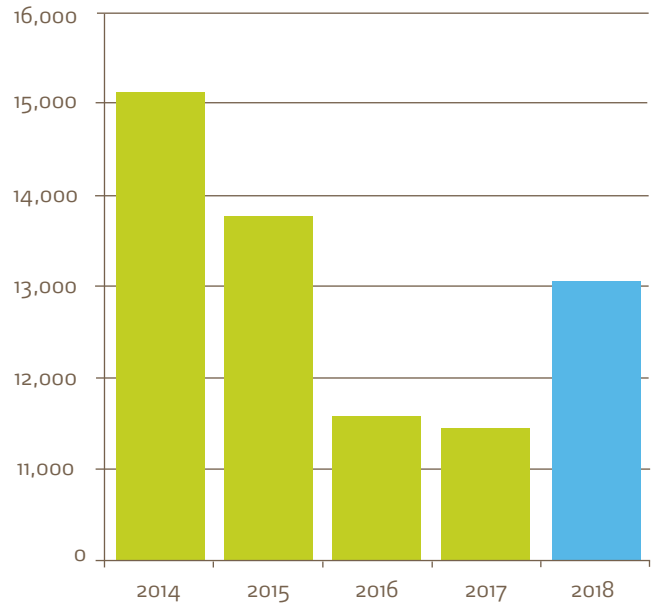
### Fertilizer sales by region

Thousand tonnes



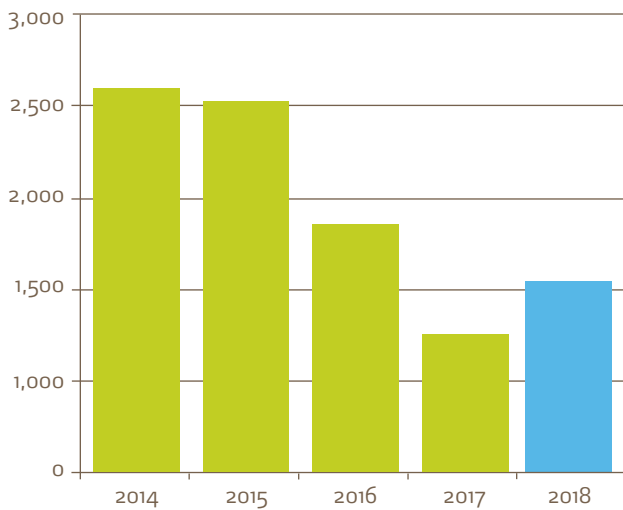
### Revenue and other income 2014—2018

USD million

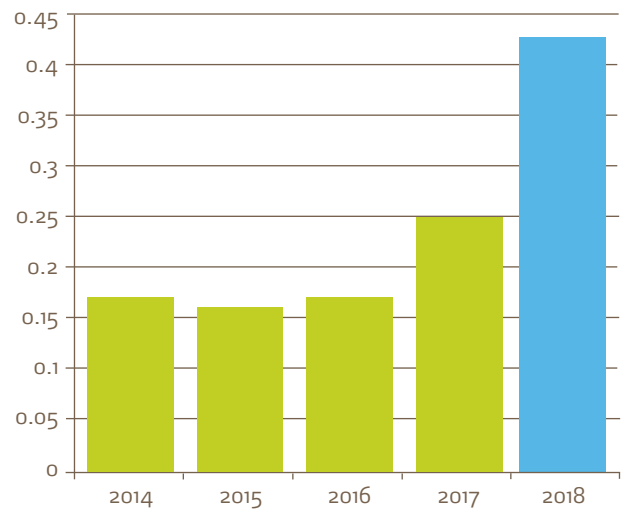


### EBITDA 2014—2018

USD million



### Debt/equity ratio 2014—2018



## Products And Services

*Our operations are based on efficient conversion of energy, natural minerals and nitrogen from the air into essential products for agriculture and industry. As the leading global provider of nitrogen fertilizers and industrial applications, we leverage our experience and knowledge to tailor solutions to local needs.*

### Crop nutrition

The aspiration of Yara's Sales & Marketing segment is to be the leading provider of sustainable crop nutrition solutions, supporting farmer profitability through knowledge, quality and productivity.

Our portfolio ranges from single-nutrient fertilizers to complex compounds and micronutrients for all kind of crops. Unlike most fertilizer companies, Yara offers a complete range of crop nutrition products. We can do this because we are a market leader and a crop nutrition expert.

Our fertilizers range from those based on the most widely needed nutrients – N, P and K – to those incorporating growth and quality enhancing nutrients, such as calcium and magnesium, to micronutrients that help prevent or cure deficiencies resulting from particular soil or crop conditions.

If crops lack any of these nutrients, yield and profitability are reduced. That's why Yara offers not only a product range that meets all crop nutrition needs, but also crop-specific advice and a number of digital services and fertilizer management tools. Our goal is to be the global digital leader in crop nutrition, delivering scale and reach to farmers globally, making a real difference in the field and allowing the farmer to conveniently obtain highly relevant knowledge and information.

### Solutions for industrial customers

Sales & Marketing also commercializes essential products for industrial applications and environmental solutions.

As a leading urea and ammonia producer, Yara offers reliability through our control of the supply chain. This allows us to support our customers with the right solutions at the right time for their businesses. We understand and interact with our industrial clients to adapt applications that meet their needs and help them reach their full business potential. Our industrial chemicals include urea, ammonia, nitrates, calcium nitrate and nitric acid.

Also serving the world's farmers is Yara's product range of animal nutrition: high-quality feed phosphates, feed grade urea and feed acidifiers.

### New Business solutions

Yara's New Business segment is focusing on developing solutions for the future, including solutions to commercialize innovation within decarbonization and circular economy. Yara also has a separate business unit for autonomous logistics operations including the Yara Birkeland autonomous electric ship project.

In addition, Yara continues to drive a portfolio of businesses which will be operated more independently with distinct strategies:

### Environmental Solutions for Transport, Maritime and Stationary:

Yara's fastest growing business unit, Environmental Solutions, provides a range of solution to the market. Yara is the leading provider of AdBlue, also called DEF in the US and ARLA 32 Brazilian markets. This catalyst fluid reacts with harmful NOx emissions in diesel engines' exhaust, cleansing the emissions. Yara also provides systems – SCR and SNCR – to reduce emissions to air from stationary and maritime technologies. We have a complete portfolio of technology, reagents, after-treatment processes and services for nitrogen oxide emissions abatement, delivered to industrial plants.

### Mining Applications:

For the mining and civil explosives industry, Yara delivers technical ammonium nitrate, which is a raw material for explosives.

### Industrial Nitrates:

Yara provides a set of solutions based on nitrates and odor removal technologies to the water utilities and wastewater treatment plants. It also has developed nitrates-based solutions for several industries like concrete, latex, biogas and solar powered plants.

For a full account of products and services, please refer to our [Products & Service web page](#)

# Our Supply Chain

*Yara's value chain starts with mining operations and sourcing of raw materials and extends to distribution of crop nutrition and industrial solutions to customers worldwide. Our business model and unique worldwide presence provides scale advantages, operational flexibility and global optimization.*

## Raw materials

Ammonia is the basis for all nitrogen fertilizers. It is produced by reacting nitrogen from the air with hydrogen, which is most often harvested from natural gas. Roughly 3/4 of the natural gas consumed to produce ammonia is used as feedstock, while the remainder is used as energy for process heat. Other crop nutrients, first and foremost phosphate and potash, are mined and transformed into products that can be taken up by plants.

## Manufacturing

Yara pioneered the production of nitrogen fertilizer a century ago and today controls 29 major production sites worldwide, most of them in Europe, which represents our largest market. We also have significant production in North and Latin America, Australia and as of January 2018, also in India, with joint ventures in Trinidad and Qatar adding to our global production capacity. Along with securing access to low-cost natural gas, we put great emphasis on perfecting our production processes to maximize energy efficiency and to minimize greenhouse gas emissions.

## Marketing, shipping and storage

Yara's products and solutions are marketed and sold to about 160 countries. With our global marketing, distribution and storage network, we ensure reliable product deliveries and knowledge transfer worldwide. While our fertilizers are mainly sold to growers through local agents and wholesalers, our industrial solutions are largely distributed directly to our customers.



## Suppliers

*A large part of Yara's overall costs are variable and related to sourcing. We source a wide variety of goods and services from more than 20,000 suppliers worldwide. Close to 80% of Yara's operating expenses are related to the purchase of raw materials, energy costs and freight expenses. In 2018, such purchases amounted to USD 9,952 million.*

The sourcing of natural gas and nutrients constitutes the most costly factor of our purchasing and operating expenses.

### Natural gas

Natural gas is produced in many regions across the world. Yara sources natural gas, and in a few cases other forms of hydrocarbons, for production of nitrogen fertilizers and industrial products. The largest suppliers are Equinor (Norway), Gazprom (Russia), BP (UK), ENI (Italy; gas grid and Libya, Algeria and Middle East), NGC (Trinidad) and Quadrant Energy (Australia).

### Phosphate

Phosphorus (P) occurs in natural geological deposits of phosphate rock, which is mined from the earth's crust. The largest phosphate rock resources are located in Morocco, the United States, China, South Africa and Russia. Yara sources P to produce granular and feed phosphates and NPK fertilizers. The largest suppliers are OCP (Morocco), Phosagro (Russia), Mosaic (USA), ICL (Israel), Vale (Brazil), Galvani (Brazil, 60% Yara owned at year end; see note on p. 58) and Yara Siilinjärvi (Finland, 100% Yara owned mine).

### Potash

Potassium salts, or potash (K), are mined from naturally occurring ore bodies that were formed as seawater evaporated. Only 12 countries mine potash. In 2018, six of those countries (Canada, Russia, Belarus, Germany, China and Israel) produced nearly 90% of the world's aggregate production of approximately 24 million tonnes, measured as K<sub>2</sub>O.

Yara sources K for NPK fertilizers mainly from nine suppliers: BPC (Belarus), Uralkali (Russia), K+S (Germany), ICL (Israel), Canpotex (Canada), SQM (Chile), Kemira and Tessenderlo (processors based in Finland and Belgium respectively).

### Other

Yara sources ten additional crop nutrients. All ten are sourced in smaller volumes and with a combined volume below that of potash.

For more on how we manage our relationships with suppliers, please refer to Ethics and compliance, p. 48.

## Workforce

*As a global company operating in more than 60 countries, Yara has a highly diverse workforce. We see this diversity as a strength. Our aim is to secure the best talents we can in all our markets and to create a diverse and global talent pool.*

At the end of 2018, Yara had 16,754 employees worldwide, of which 15,132 were employed on a permanent basis. This is an increase of 1,357 (8.9%) compared to the previous year. The largest increase in the permanent workforce was in Brazil and Asia (increased by 517 and 563 respectively), mainly due to the acquisition of Vale Fertilizers in Cubatão, Brazil and Tata Chemicals' urea business in Babrala, India.

In 2018, Yara updated its definitions of third party employees based on the terms of the services rendered. Any worker whose duties are being directed by an external supplier/vendor and is not on Time and Material contract will be considered as an External Contractor. Any worker who has an approved position in the organization chart, is integrated in the team and receives specific instructions from a Yara employee, covers a temporary position or a temporary project role, is considered as a Position Contractor. In December 2018, 3,897 third party employees (consultants and contractors) were delivering services for Yara. Out of which, 1,034 (26.5%) were categorized as Position Contractors and 2,863 (73.5%) were External Contractors. As of 2018, the figures reflected in Yara's headcount will exclude the External Contractors.

When including the Position Contractors, Yara's total headcount was 17,788 employees worldwide at year-end 2018.

The figures in this section include all employees in Galvani, Brazil (Yara's ownership share is 60%). The employees of Yara Marine Technologies AS (131 employees, Yara ownership share 63,3%) are included in the total number of employees but not in the remaining indicators in the Labour Practices. The reason is that the business was not integrated into Yara's HR system in 2018.

The table on p. 14 does not include Lifeco employees. Lifeco, Libya is reported as an equity-accounted investee, and had 997 permanent employees at the end of 2018 – 981 male and 16 female. Out of the 981 male employees, there were 108 international assignees, mainly Indians, Filipinos, Pakistanis and Bangladeshis. The company had three male temporary employees.

The chemical industry is historically a male dominated industry. In Yara, the share of female permanent employees has remained around 20% over the past few years.

## Yara's workforce

	Gender	Africa	Asia	Brazil	Europe	Latin America	North America	Grand Total
Permanent	Female	93	233	877	1,344	350	109	3,006
	Male	402	1,064	4,440	4,731	969	520	12,126
<b>Permanent Total</b>		<b>495</b>	<b>1,297</b>	<b>5,317</b>	<b>6,075</b>	<b>1,319</b>	<b>629</b>	<b>15,132</b>
Non-permanent	Female	15	23	185	152	72	17	464
	Male	47	47	662	285	96	21	1,158
<b>Non-permanent Total</b>		<b>62</b>	<b>70</b>	<b>847</b>	<b>437</b>	<b>168</b>	<b>38</b>	<b>1,622</b>
Position Contractor	Female	4	49		185	7	7	252
	Male	46	140		551	27	18	782
<b>Position Contractor Total</b>		<b>50</b>	<b>189</b>		<b>736</b>	<b>34</b>	<b>25</b>	<b>1,034</b>
<b>Grand Total</b>		<b>607</b>	<b>1,556</b>	<b>6,164</b>	<b>7,248</b>	<b>1,521</b>	<b>692</b>	<b>17,788</b>
*External Contractor		2	543	1,396	861	5	56	2,863

\*With reference to above definition, in 2018 there were 2,863 External Contractors, which are no longer part of the total headcount.

## Strategy, Risks and Opportunities

*Yara's ambition is to be the crop nutrition company for the future. We will grow responsible solutions for farmers, for industry and for society, while delivering superior return on capital.*

Yara's strategic focus is to be the crop nutrition company for the future. The strategy will bring us closer to our mission to Responsibly feed the world and protect the planet and entails a clear commitment to sustainability in everything we do.

We have three strategic priorities to ensure we succeed:

- Advance operational excellence
- Create scalable solutions
- Drive innovative growth

Within these three priorities, farmer-centric solutions, food chain partnerships and digital farming tools and services will be important growth vehicles and will allow Yara to reach more farmers. We will also continue to promote our products and technologies, particularly nitrate-based products, to farmers, food industry and governments in order to help realize sustainability benefits.

To learn more about how our materiality assessment has shaped Yara's corporate strategy, please refer to p. 19.

### Risks

Sustainability risks are embedded in Yara's Enterprise Risk Management (ERM) system and monitored and reviewed accordingly. Key physical and transition sustainability risks are presented below. For a full account of Yara's ERM system, key risks and opportunities, please refer to the Yara Annual Report 2018 available at our [Investor Relations web site](#).

### Physical risks

Yara runs large-scale production activities and uses significant quantities of energy and resources. Many of Yara's raw materials, intermediates and products are classified as substances harmful to health. Such a working environment presents various potential occupational health and safety risks to the employees and contractors on site. Our large chemical manufacturing sites are classified as industrial activities with potential major accident hazards. The plants are, however, not considered to represent a risk to the local environment, barring major accident. Securing safe and healthy working conditions and excellent process safety are our top priorities. To learn more about how we mitigate the risks of accidents and harm to personnel, please see p. 45.

While Yara's raw materials and interim process substances are often hazardous chemicals, the final fertilizers are typically not classified as hazardous, and the occupational health and safety risks for end users are minor. Through our commitment to the principles of product stewardship, we ensure that proper care is taken along every step of the value chain. To learn more about how we promote product stewardship, see p. 52.

Extreme weather events have increased instances of flooding across the world. Yara vets investments against extreme weather events and carries out environmental impact assessments for production sites as part of their certification to the ISO 14001 standard. We have identified flooding as a potential risk to two sites, one in Italy, the other in France. Both have emergency procedures in place to prevent harm to the site or the local environment in the event of flooding.

### Transition risks

Climate change is recognized by Yara as a strategic risk. It has implications for our market and supply chain, for regulations, and for our operations and assets, as described above. First and foremost, rising mean temperatures, changes in precipitation patterns and extreme weather are forcing farmers worldwide to adapt to climate change. The world will need 50% more food by 2050, but at its current pace, climate change may reduce agricultural yields by 2% per decade.

Solving this challenge requires knowledge and collaboration across sectors and geographies. Climate change is closely related to food production, resource use and availability of fresh water, and this complexity must be met with holistic solutions. To this end, Yara promotes climate-smart agriculture. This involves optimizing land use by way of increasing yields through balanced crop nutrition and efficient water use, while avoiding soil depletion or nutrient losses. Developing solutions that support and enhance climate-smart agriculture will be a key success factor for any crop nutrition company moving forward.

Fertilizers boost farm productivity and represent a profitable investment for commercial farmers. Nonetheless, agriculture and the use of fertilizers carry potential risks to social and economic development at a local level. Farmers risk soil mining if the fertilizer products used are not of the right type, applied in the appropriate way and in the volumes needed. Correct quality, labelling and application is determinate in increasing yields and avoiding crop failure. Difficult market and soil conditions can deprive farmers of returns on their investments in fertilizer and impact their profitability. Yara is acutely aware of these challenges and engages with local farmers across the world to mitigate social and economic risks related to fertilizer use.

The fertilizer market is a global one. Therefore, from a regional and local perspective, there are risks involved if regulatory actions add costs for only parts of the industry. The EU has through its Emission Trading System (ETS) regulated industry emissions, which includes the fertilizer industry. As just above half of Yara's ammonia production capacity is covered by the ETS, this constitutes a risk to global competitiveness. However, the GHG emissions profile for Yara's plants is at the low end compared to global benchmarks. Yara has succeeded in cutting our GHG emissions from production by nearly half compared to unabated performance by developing and implementing a N<sub>2</sub>O catalyst technology and by investing in energy efficiency.

The significant investments in and commitment to developing the "Plant of the Future", coupled with the recently established business unit Decarbonize, tasked with decarbonizing the company while maintaining profitability, puts us well positioned to meet future environmental requirements and legislation.

While regulatory risk related to fertilizer application is present to a certain extent, we consider this risk to be modest. Lower fertilizer use is associated with reduced productivity in agriculture, which in most cases is an undesired development.

## Opportunities

Yara's products and knowledge allow us to contribute to solving some of the most pressing global challenges of our time. We are a leading company in our industry regarding environmental stewardship and low GHG emissions. Increasing emphasis on the sustainability performance of value chains should ultimately support and improve Yara's competitive position.

Economic and population growth drives demand for food as well as feed, fiber and biofuel. This supports long-term growth in demand for fertilizers, which represents our largest market. We support the The Food and Agriculture Organization's (FAO) goal of sustainably increasing agricultural productivity and the concept of sustainable intensification. This concept is defined as helping growers produce more crops on the same land with less environmental impact.

Yara actively pursues opportunities to improve the company's competitive advantage through building market and stakeholder interest in low carbon footprint and climate smart agriculture. The business unit Food Chain was established in 2018 with the dedicated responsibility to establish value chain collaboration. Yara can, for example, provide farmers with crop- and location-specific advice to increase efficiency and optimize land use. We can also measure and calculate carbon footprints, do life cycle assessments and work with external stakeholders to embed such methodologies into tools available for farmers and the food industry.

Our Crop Nutrition concept offers a large portfolio of differentiated nitrate-based products which typically have a higher use efficiency than most of the commodity fertilizers. Promoting and building on the sustainability benefits of nitrate-based fertilizers is highlighted in our strategy. We have made a deliberate decision to not invest in greenfield urea capacity projects going forward. Production of urea involves lower GHG emission than production of nitrate fertilizers, but urea entails a much larger environmental and carbon footprint over its life cycle.

Yara subscribes to the approach of sustainable agriculture to minimize any negative social or economic impacts related to fertilizer use. Our guiding principles in supporting farmer profitability are knowledge sharing and providing holistic solutions. We tailor our approach according to local conditions. In Europe, we provide expert advice and precision farming tools, supporting the farmers in optimizing – and often reducing – the fertilizer consumption while increasing yields. In developing economies, we engage with farmers face to face, explaining how to use the right products in an optimal way, and we also engage in partnerships to improve access to markets and finance. This helps foster a positive, enabling framework for future agricultural development.

Environmental Solutions is one of Yara's fastest growing business units, backed by a century of experience in nitrogen applications for industry. Environmental Solutions leverages our knowledge of nitrogen chemicals to offer complete solutions for abatement of nitrogen oxides (NO<sub>x</sub>) and hydrogen sulfide (H<sub>2</sub>S), and for water treatment. We also provide scrubber technology for reducing SO<sub>x</sub> emissions in the maritime sector. We help our clients meet increasingly stringent standards around the world. Yara's environmental solutions are already cleaning more than 1 million tonnes of NO<sub>x</sub> emissions.

Yara has accelerated its innovation efforts in recent years and will add to this momentum going forward, aiming to grow sustainable solutions for farmers and industry. One significant outcome is the project to build the world's first emission-free and autonomous container ship. This fully electric vessel, named Yara Birkeland, will reduce diesel-powered truck haulage by 40,000 journeys a year. Yara and Kongsberg Gruppen won the 2018 Norwegian Industry Climate Prize for the project.

In late 2018, Yara was awarded a grant from Research Council, Innovation Norway and Enova to develop a green fertilizer project. The project aims to produce green ammonia, by applying innovative technologies and by using cost-efficient hydrogen from electrolysis based on renewable energy as feedstock.



## Significant changes in 2018

*Key business initiatives in 2018 included acquisitions in India and Brazil. While there were no significant organizational changes affecting our sustainability reporting in 2018, a new and simpler operating model was introduced in 2019.*

Yara simplified its operating model at the turn of the year in line with its strategy to be the crop nutrition company for the future. Effective January 2019, our activities are within three segments:

The Sales & Marketing segment provides worldwide sales, marketing and distribution of a complete range of crop nutrition products and programs, along with essential products for industrial applications, environmental solutions and animal nutrition.

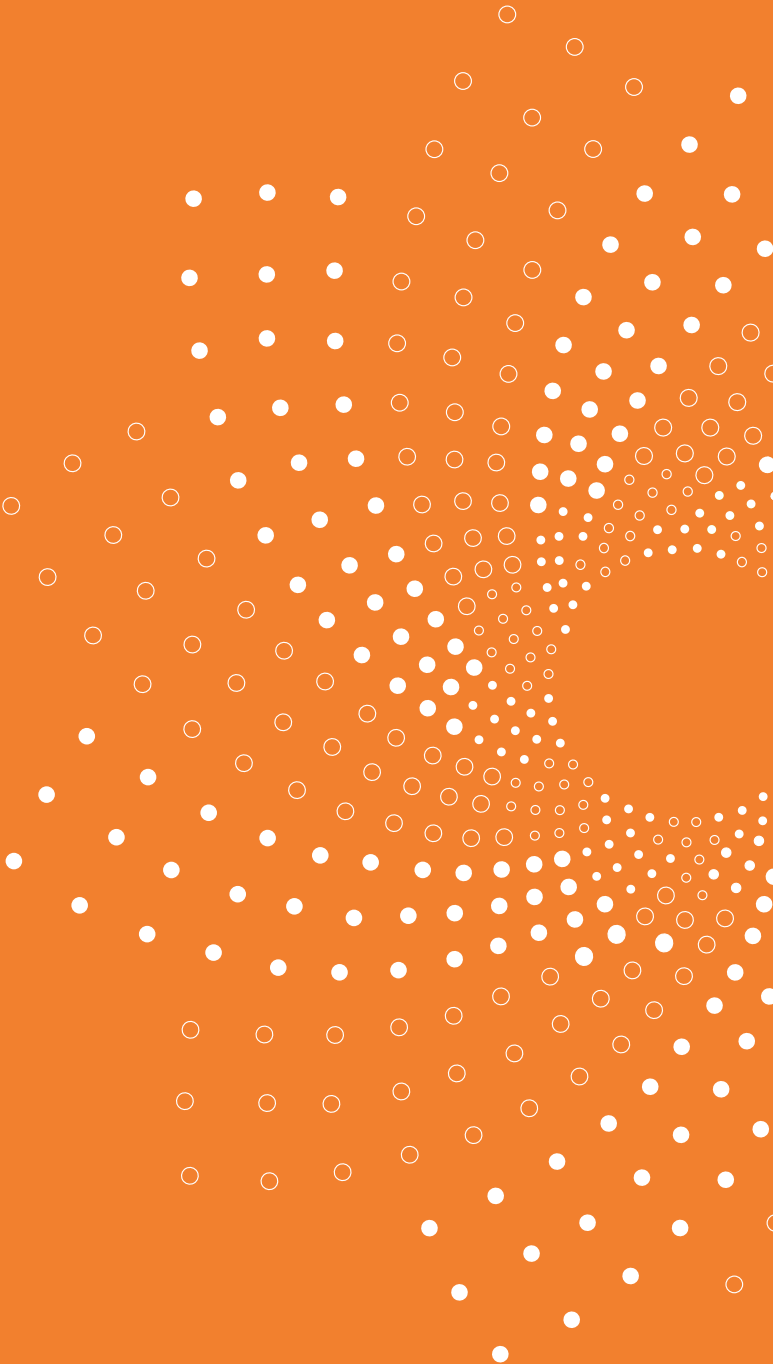
The Production segment remains unchanged and is a world leader in the production of ammonia, nitrates, calcium nitrate and NPKs, with a growing portfolio of phosphates, providing the foundation for our crop nutrition and industrial solutions.

The New Business segment has been established to commercialize innovation, including within decarbonization and circular economy. It will also operate the recently established Yara Birkeland company, developing autonomous logistics operations, as well as the business units providing environmental solutions, mining applications and industrial nitrates.

Among our key business initiatives in 2018 was the acquisition of Tata Chemicals' urea business in India, the world's second largest fertilizer market. In Brazil, we acquired a nitrogen and phosphate complex from Vale, and reached an agreement to secure full ownership of JV Galvani, which operations include phosphate mines. The Galvani mining project Salitre became operational in 2018.

For further details on key business initiatives in 2018, please see the Report of the Board of Directors along with note 4 in Yara Annual Report 2018, available at our [Investor Relations web site](#).

# Materiality



# Materiality

## Defining Materiality

*Yara updated its strategy throughout 2018, with the final draft approved by the Board of Directors. The process partly confirmed and partly updated Yara's materiality assessment.*

### Foundation

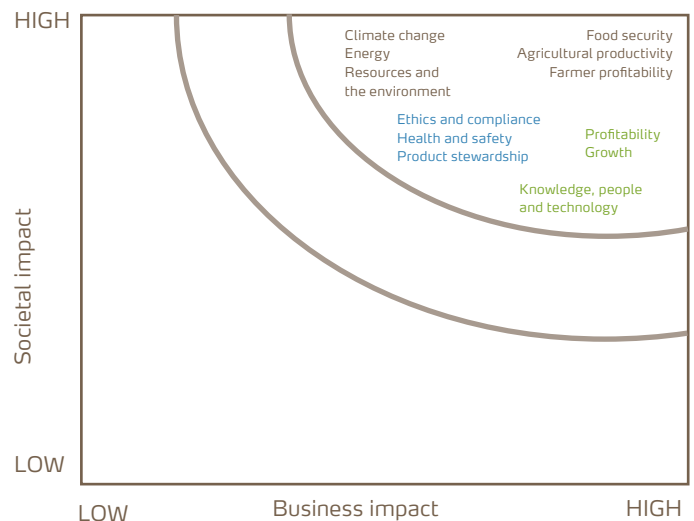
Yara made its first materiality assessment in 2015, in a process initiated and led by Yara's Head of Sustainability Management, supported by Harvard professor Robert Eccles. We used the Sustainability Accounting Standards Board's (SASB) standards for chemicals and mining industries as a starting point, involving key representatives from our segments, expert organization and senior representatives from each segment and key corporate units. External stakeholders were not directly involved in the materiality process, but rather represented through internal knowledge of the ongoing stakeholder dialogue and large multi-stakeholder tools, not least the UN Sustainability Development Goals (SDGs) and UN Global Compact principles.

### Reviews

The materiality assessment has since been reviewed in internal follow-up processes, which have also covered the business relevance of the SDGs. Furthermore, the materiality assessment formed part of the basis for the strategy update process, which was initiated by Yara's CEO and Board of Directors in 2017 and concluded in 2018. Through this process, Yara has updated its strategic priorities, as presented on p. 15. Yara has defined strategic ambitions, including sustainability ambitions, which will be made public in 2019.

## Our Material Topics

This report covers material topics related to Yara's sustainability work and performance, as listed and presented below. Material topics related to the company's financial performance and competitiveness are accounted for in Yara's Annual Report 2018.



### Profitability and growth

Profitability is materially important for any business. Growth is the foundation for maintaining or improving the competitiveness of a company. In Yara's strategy update, we foresee that slower population growth, improved nutrient use efficiency and reduced food waste can slow down future volume growth. This has prompted Yara to a repositioning, aiming to be the Crop Nutrition Company of the Future.

### Food security

The increased demand for food drives Yara's markets. By reaching out to smallholder farmers with our products and knowledge, we support local food production and inclusive growth. We are committed to developing the agricultural sector, also in the African continent where we have a strong and long-standing presence.

## Agricultural productivity

Sustainable intensification of agriculture is needed to provide food for a growing world population. Yara's core business includes developing knowledge, tools and solutions for improved farming practices, supporting increased yields and better-quality crops, with less waste and environmental impact.

## Farmer profitability

Sustainable business success for Yara depends on farmers' profitability. Through the strategy process concluded in 2018, Yara updated its ambition: to be the Crop Nutrition Company for the Future. We will grow sustainable solutions to farmers and industry, while delivering superior return on capital. We will continue the journey towards becoming more farmer-centric, by developing digital knowledge solutions and collaborating with the food industry to reach farmers.

## Climate change

Climate change is a major global challenge and a serious threat to agricultural productivity in many parts of the world. Regional differences in emission regulations may raise risks if regulatory actions do not ensure fair competition. In 2019, Yara will launch updated strategic ambitions on climate, aiming to further improve our industry-leading position on GHG emissions and solutions for climate smart agriculture, adding to our competitive edge in a society dedicated to decreasing emissions. Yara has also established a business unit for decarbonization, tasked with the long-term project of decarbonizing the company, sustaining profitability in an operating environment which continuously searches for low- or no-emission solutions.

## Energy

Energy is fundamental to societal development and well-being, but energy use is also a significant cause of GHG emissions. Energy, mostly in the form of natural gas, is Yara's main raw material for nitrogen fertilizers and its main cost. Affordable access to natural gas is therefore a competitive advantage, and improving energy efficiency reduces costs for Yara and increases resource efficiency for society at large.

## Resources and the environment

Arable land, nutrients and water are resources of limited supply and must be carefully managed. Agricultural land expansion leads to substantial GHG emissions. Yara expects increased awareness of sustainable agricultural practices and an increasing pressure on sustainability from governments and regulations globally. Soil degradation, water scarcity and pollution, biodiversity loss and nutrient pollution are issues where agriculture must be part of the solution. Yara's strategy to be the Crop Nutrition Company for the future responds to these trends.

## Knowledge, people and technology

Yara's deep understanding of crop nutrition, farmers and industrial markets allows us to sell highly profitable premium products and solutions that also benefit society. Supported by a strong brand and high performance, we have a passionate workforce. This enables the company to take on new tasks, drive profitability, optimize productivity, and propel innovative thinking. In our markets, digital technology is making rapid progress, a trend which Yara actively engages on based on our knowledge and a diverse, talented workforce.

## Ethics and compliance

Success can only be celebrated when it is achieved in the right way. Our manner of conducting business defines who we are as a company. Through consistent integrity, fair treatment of people and partners and the respect of universal rights, we create trust both internally and externally.

## Health and safety

We value our employees, and safety is therefore a key priority at Yara. Our employees represent a knowledgeable and diverse workforce, and every one of them has the right to a safe working environment. A safe and healthy workplace is good for business. We believe that all accidents are preventable, and our goal is zero injuries.

## Product stewardship

Ensuring that the right product with the right quality arrives safely to the farmer is fundamental to building trust. Through our Product Stewardship principles and a dedicated Security function, Yara carries out extensive work to determine the best and safest way to transport, store and apply fertilizers and industrial products. Our work on monitoring, quality review and handling of our products is the foundation of industry standards.

## Material topics, GRI topics and boundaries

The table below provides a value chain understanding of our material sustainability topics. It describes how they relate to the disclosures of management approach in this report, as well as the sustainability topics defined in the GRI Standards reporting framework. Colored cells indicate the boundaries for our reporting on the material topics.

Mining-specific topics are not material per se at a Yara Corporate level, but are a requirement for reporting in accordance with the GRI Standards as Yara operate mines.

Yara material topics	Raw materials	Manufacturing	Marketing, shipping and storage	Application	Management approach	GRI topics
Profitability and growth					Economic, p. 33	201 Economic performance
Food security					Economic, p. 33	NA
Agricultural productivity					Economic, p. 33	305 Emissions 417 Marketing and labelling
Farmer profitability					Economic, p. 33	201 Economic performance 203 Indirect economic impacts
Climate change					Environmental, p. 36	305 Emissions
Energy					Environmental, p.36	302 Energy
Resources and the environment					Environmental, p. 36 Mining, p. 56	301 Materials 303 Water and effluents 304 Biodiversity 305 Emissions 306 Effluents and waste 307 Environmental compliance 308 Supplier environmental assessment
Knowledge, people and technology					Human resources, p. 42 Mining, p. 56	401 Employment 404 Training and education 405 Diversity and equal opportunity MM Labor management
Ethics and compliance					Ethics and compliance, p. 48	205 Anti-corruption 206 Anti-competitive behavior 406 Non-discrimination 407 Freedom of association and collective bargaining 408 Child labor 409 Forced or compulsory labor 412 Human rights assessment 413 Local communities 414 Supplier social assessment 415 Public policy 419 Socioeconomic compliance
Health and safety					Health, safety p. 45	403 Occupational health and safety 410 Security practices
Product Stewardship					Product Stewardship p. 52	416 Customer health and safety 417 Marketing and labelling
Mining related					Mining, p. 56	411 Indigenous rights MM Local communities MM Closure planning 201 Economic performance 202 Market presence

## Changes from previous reports

Yara transitioned from using the GRI G4 reporting framework to applying the GRI Standards framework and implementing the GRI Mining and Metals Sector Supplement in the 2017 report.

For the reporting year 2018, Yara has started implementing the updated GRI Standards GRI 303: Water and effluents 2018, and GRI 403: Occupational health and safety 2018. The application of these two updated standards has prompted a process to assess and adopt a Yara response.

Other notable changes from previous reports include:

- The definition of consultants has been updated, meaning workforce figures are not directly comparable to previous years. Details are found in the Human Resources management approach section, p. 42.
- Yara has completed acquisitions, adding major sites to the asset base: Babrala, India; Cubatão, Brazil.
- Full year data is reported for the Babrala site.
- Yara took over the Cubatao site in May 2018. Except if otherwise noted, environmental data are reported for the full year, while other indicators cover the period Yara have had operational control.
- In addition, the mining operations at Salitre, Brazil, have become operational and is in scope for this report.

- In 2018 it was agreed that Yara will acquire the minority position in the JV Galvani. Details are found in the Mining section, p. 56.
- Yara refined its calculations in 2017 by stricter reporting of its own, by-product electricity generation. Therefore, the previous location-based Scope 2 GHG emission figure published in 2016 (1.3 million tonnes) is not directly comparable.

## Report boundaries

Consolidated data within this report covers the reporting year 2018, and reporting boundaries mainly reflect IFRS accounting principles unless otherwise noted. For a full account of entities included in Yara's consolidated financial statements, please refer to the [Yara Annual Report 2018](#), note 2.

Readers should take note of the following changes and limitations to the scope and boundaries of the reporting:

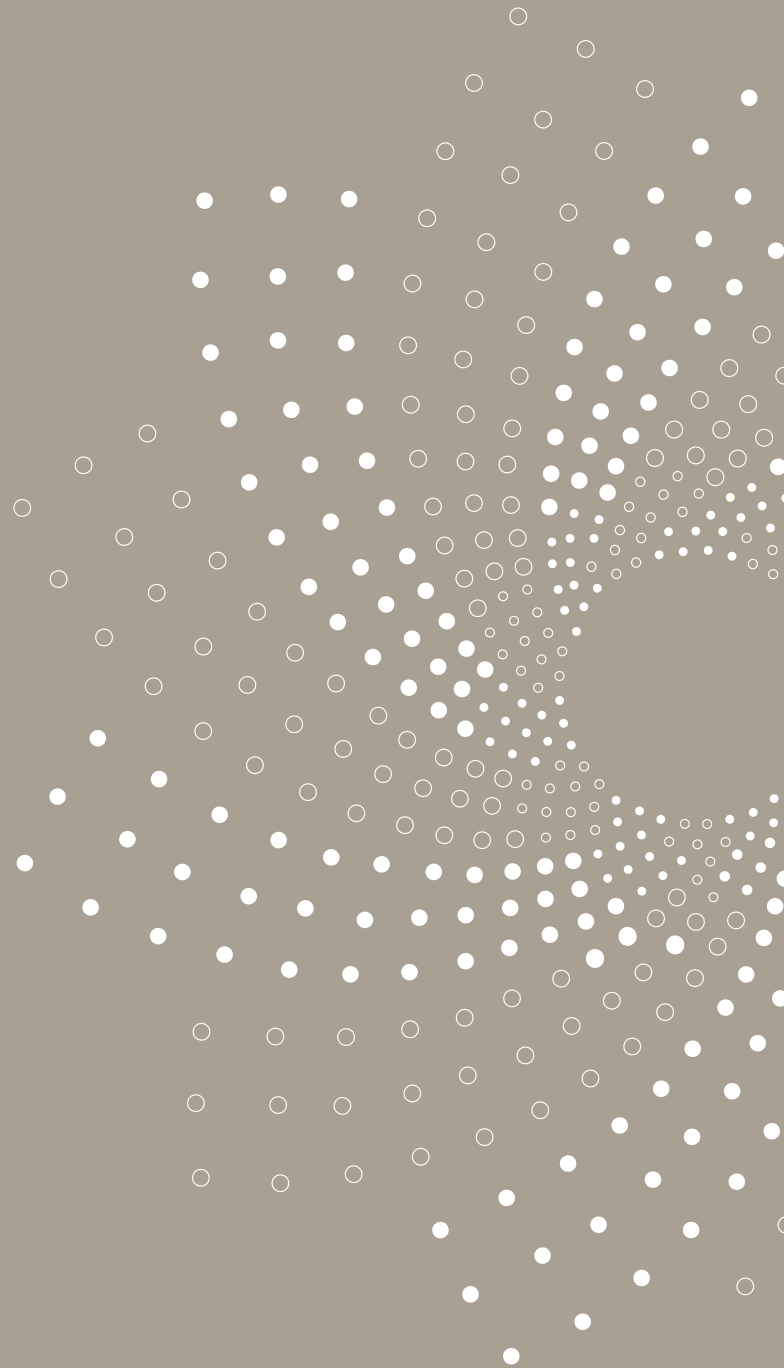
- Environmental performance data covers Yara's major chemical production and mining sites.
- Joint operations as defined in IFRS 11 are included. For the 2018 report this includes Yara's joint ventures in Trinidad, Freeport and Pilbara, Australia.
- Labor indicators cover Yara sites with five employees or more, except for potential cases filed through Ethics and Compliance which cover the entire organization.

List of companies which represent special cases:

Company / plant	Operational control	Covered by HESQ policy	Covered by Code of Conduct	Reported in Labor performance	Reported in E&C performance	Reported in HESQ performance	Type of ownership
Hull (UK)	No	No	No	No	No	No	Wholly owned subsidiary
Freeport (USA)	No	No	No	No	No	No	Joint operation
Pilbara Nitrates (TAN) (Australia)	Yes	Yes	Yes	Yes	Yes	Yes	Joint operation
Tringen (Trinidad)	Yes	Yes	Yes	Yes	Yes	Yes	Joint operation
Galvani (Brazil)	Yes	Yes	Yes	Yes	Yes	Yes	Joint operation
Lifeco (Libya) *)	No	No	No	Headcount only	No	No	Equity-accounted investee
Qafco (Qatar)	No	No	No	No	No	No	Equity-accounted investee

\*) Lifeco owns and operates two urea and two ammonia plants with a nominal capacity of approximately 850,000 tonnes of urea and 120,000 tonnes of merchant ammonia per year. More than 90% of the ammonia and urea from Lifeco is exported, and Yara is Lifeco's exclusive global export product distributor. In 2015, Yara made an impairment write-down of its investment in Lifeco of NOK 893 million, which was triggered by the worsening security outlook in Libya.

# Stakeholder engagement



# Stakeholder engagement

## Our approach

*Yara has a wide range of stakeholders both locally and globally. We engage with our stakeholders directly and indirectly through industry associations. The engagement, through dialogue and cooperation, relates to challenges relevant to our business, often linked to global issues.*

Good relations with Yara's large and varied group of stakeholders is considered a benchmark of success. We engage with our key stakeholders to build knowledge, develop relations, find solutions and invite to cooperation. We are part of several networks and partnerships, including membership in industry associations and other relevant organizations and initiatives.

Yara engages extensively in global dialogues related to major global challenges, and the interconnection of food security and climate change is a prioritized topic. Agriculture is often perceived as an environmental problem. Fortunately, our view that it can also be part of a solution has become increasingly widespread.

Yara is committed to changing the benchmarks of the fertilizer industry, improving standards and performance. We take an active role in our industry associations and relations with regional bodies and regulatory authorities. The most prominent industry bodies are the International Fertilizer Industry Association (IFA) and Fertilizers Europe (FE). Yara is a corporate member of both.

## Key stakeholder groups

### Employees

Yara had 20,651 employees worldwide, including external contractors, of which 15,132 were permanent employees at the end of 2018. Yara strives for a corporate culture of openness and accessibility to senior management, engaging employees in corporate matters through several channels and surveys, including "Yara Voice".

Yara values its good relationship with employees and their organizations and engages with them on a regular basis. In 2018, about 70,7% of Yara employees were covered by collective bargaining agreements.

Percentage of employees covered by collective bargaining agreements

Proportion of employees covered by collective bargaining agreements (percent)	2018	2017
Africa	30.5	24.8
Asia & Oceania	8.8	14.3
Brazil (including Galvani)	100.0	98.8
Europe	78.7	80.7
Latin America	6.5	6.5
North America	29.7	30.5
<b>Yara</b>	<b>70.7</b>	<b>72.5</b>

Yara is committed to using feedback from employee surveys to implement improvements and keep making Yara a better and safer place to work. Therefore, we regularly run employee engagement surveys. The extensive survey done in 2017 was followed by workshops in all units where the results were discussed, and improvement actions planned. 2018 was spent implementing and following up on many different local actions.

While Yara performed far above the global norm when it came to employee engagement in 2017, employees felt that there was room for improvement with regards to having a focus on the customer and on diversity. As of 2019, the company will use shorter surveys and measure the "pulse" of the organization on a more frequent basis.

### Customers

Yara has a wide range of customers worldwide, including those who use our products, distributors and agents. We engage our customers in several ways in a variety of markets, such as through farmer meetings, digital platforms and satisfaction surveys. Yara spends significant resources on providing concise and useful informational material and total solutions tailored to the customers' needs. Customer feedback is essential for Yara performance to secure continued improvement.



## Investors

Yara engages continuously with its owners through investor relations, based on principles of openness and the equal treatment of all shareholders.

## Suppliers

Yara stays in regular contact with a wide range of suppliers, from global suppliers of raw materials to local service providers. Our engagement with suppliers corresponds with our commitment to Product Stewardship. We make sure that suppliers and partners comply with the principles defined in our Business Partner Code of Conduct, covering HESQ standards and ethical guidelines.

## Influencers

Yara has a global presence. That positions us to contribute to the global agenda on issues corresponding to our core business, as well as contributing to the countries and communities in which we operate. We cooperate with a variety of agencies and organizations and several national authorities and international or regional bodies, presenting our products and solutions and sharing our knowledge.

## Commitments and endorsements

Yara is a UN Global Compact (UNGC) signatory. We are therefore committed to their ten principles covering human rights, labor rights, environment and anti-corruption. We have also endorsed the UNGC Caring for Climate initiative, the CEO Water Mandate and the Call to Action: Anti-Corruption. Furthermore, Yara is a founding participant of the voluntary Food and Agriculture Business Principles (FABs).

We are committed to upholding international standards by supporting the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the core conventions of the International Labor Organization (ILO) and the OECD Conventions on Combating Bribery. We apply a precautionary approach as defined in Yara's Health, Environment, Safety and Quality Policy. To read the full policy, please refer to our [Yara HESQ Policy web page](#)

## Memberships and associations

Yara is a corporate member of the two leading fertilizer industry associations, the International Fertilizer Industry Association (IFA) and Fertilizers Europe, as well as the Fertilizer Institute (TFI). Yara is also part of the European Industrial Gases Association (EIGA) and the European Chemical Industry Council (CEFIC).

Yara's CEO, Svein Tore Holsether, is a member of the Executive Committee of the World Business Council on Sustainable Development (WBCSD), where Yara is a member. The CEO is also a member of the WEF based Alliance of CEO Climate Leaders.

In the WBCSD, Yara is active in the workstreams of Climate Smart Agriculture, Food Reform Endeavour for Sustainability and Health (FRéSH), the circular economy program called Factor10, the climate policy working group and the Natural Climate Solutions initiative.

Engaging on the emerging topic of circular economy, Yara has also joined the European Sustainable Phosphorous Platform (ESPP), the European Biogas Association (EBA), the German Association for Water, Wastewater, and Waste (DWA) and the International Water Association (IWA). Yara has also become a member of the European Biostimulants Industry Council (EBIC).

Yara is one of the two founding member companies of the Food and Land use coalition (FOLU), a cross sectoral platform which drives science-based policy dialogues for transforming food and land use systems in support of the Paris agreement and the UN Sustainable Development Goals. Yara holds a position in the FOLU management team.

Yara also participates in the International Federation of Industrial Energy Consumers (IFIIEC), where we currently hold the Presidency and chair the working group on gas. Yara has also signed up for the Global Alliance for Climate Smart Agriculture (GACSA) and holds a position in its Strategic Committee.

Through IFA, Yara is part of the International Agri-Food Network (IAFN) and the Private Sector Mechanism at the UN Committee of World Food Security (CFS), the Business & Industry Major Group to the UN, the Global Business Alliance in New York and the multi-stakeholder coalition Farming First. Yara is an associated member of the Zinc Nutrient Initiative and a partner of the Water Footprint Network.

Yara is an Industry Partner of the World Economic Forum (WEF) and part of the New Vision for Agriculture and the related Grow Africa and Grow Asia partnerships. We are one of eight partners committed to the Farm to Market Alliance, a global public-private consortium seeking to transform food value chains in emerging markets. Since 2016, we have also been a partner in the Tropical Forest Alliance 2020, and Yara is a member of Transparency International.

## Key concerns raised in 2018

No new significant concerns were raised at the corporate level in 2018. At a local level, communities adjacent to production facilities have raised concerns regarding noise, odor and dust.

### Closure of Pardies, France

In March 2017, Yara announced its plans to close operations in Pardies, France. The operations were scheduled to cease in October 2018. Due to a significant number of employees leaving the plant, the main parts of the operations were closed in June 2018.

At the time of the announcement, the site had 85 employees. In October, the official scheduled closing date, 43 employees remained on site. These remaining employees are tasked with undertaking the decommissioning of the plant. At the year end, 60% of the decommissioning work was done.

The closure process is supported by a social plan to compensate for job losses. The plan is allocated a budget to provide for a range of supportive actions. The plan fulfills both legal requirements and agreements with trade unions.

Some of the main elements in the social plan:

- Revolving doors job policy; staff may leave their positions on short notice for new job opportunities, but with an open return to Yara Pardies as long as the plant was operating.
- Monthly alignment meetings with trade unions.
- Paid leave when searching for a new job.
- Temporary compensation if the new job has a lower salary.
- Support to establish own business or training/ education.

In addition to the internal budget, another budget is allocated through a private-public arrangement under public governance.

### Lagamar, Brazil

The phosphate mine Lagamar, Brazil, operated by the JV Galvani, was closed in 2018. The closure process was planned several years in advance and executed accordingly. Throughout the process consultations were held with stakeholders, including the Mayor of the municipality and public entities involved in industrial and occupational support.

The closure plan was initiated with a first round of labor qualification programs to stimulate employees to requalify for non-mining jobs. The mine was the second largest employer in the local community. Twenty-one different programs are included in the process, with the program offerings also extending to relatives of employees and community members. Of the 131 employees registered at the programs' inception in 2015, 13 were registered as unemployed and 13 remained employed on the site at the end of 2018.

### Pilbara, Australia

For Yara's plants in the Pilbara region of Australia, concerns were previously raised about the Aboriginal rock art of the Burrup Peninsula. Following the 2018 completion of the Australian Senate Committee's inquiry into the protection of the rock art, Yara continued partnering with scientists, heritage experts and the local Aboriginal traditional owners through 2018. This included another partnership to monitor the rock art, as well as support for the owners in seeking World Heritage Listing for the rock art.

## Stakeholder engagement in 2018

### Food systems transformation

Yara is involved in multiple dialogues about the systemic changes in how food is grown and delivered. Yara believes that sustainable intensification can support the demand for food without driving land expansion, thereby reducing GHG emissions substantially and supporting farming economy through resource optimization. Land management, including restorative growth, has a potential to become a carbon sink, making the agriculture and forestry sectors part of the climate solution.

In January 2018, Yara hosted a roundtable among a group of international experts on African agriculture, discussing possible solutions to increasing productivity. The international workshop led to a policy brief, highlighting the urgency of change required to enable a transformation of African agriculture. Co-authored by Wageningen

University, the International Institute of Tropical Agriculture and Yara, the policy brief was delivered as a key note speech during the African Green Revolution Forum (AGRF) in Kigali in September 2018. Here, Yara's CEO also delivered the keynote speech at the Africa Food Prize Award Ceremony.

Yara has been represented at several events linked to the Food Systems Dialogue (FSD), including at the EAT Forum. The FSD is overseen by the EAT Foundation, WBCSD and WEF. The focus of the FSD is to connect actors and share experiences, providing discussion about food systems policies and economics, science-based targets and pathways, the potential for innovation and the absolute need for all stakeholders to be included in the dialogue.

At the Oslo Tropical Forest Forum, Yara's CEO Svein Tore Holsether participated in a high-level panel, discussing how to reach ambitions for 2020 and 2030 on zero deforestation. With agriculture being the main driver of deforestation, balancing demand and supply through sustainable intensification is one of the key levers for achieving the targets.

### Redefining growth

Yara has adopted a creating shared value approach to strategy development and its business model. Based on Yara's extensive experience in collaboration and working in partnerships, FSG and the Shared Value Initiative included Yara in a project to examine the co-benefits across stakeholders for a creating shared value approach.

The specific case involved Yara's participation in the Farm to Market Alliance (FtMA), which links market demand for food to targeted interventions for increased productivity amongst smallholder farmers. In the FtMA, Yara held the chair position for the last half of 2018.

In a bilateral meeting with Akinwumi Adesina, the President of the African Development Bank, Yara followed up on the topic of inclusive economic growth in the agricultural sector supported and driven by investment strategies, and most significantly, the importance of having a business environment conducive to such.

Yara was also a private sector representative to the High-Level Political Forum for the SDGs in New York, at the COP24 climate negotiations in Katowice, Poland and at a civil society driven workshop on planetary boundaries in Washington DC. Yara has also joined Nordic CEOs for a Sustainable Future. The CEOs had their first meeting with the Norwegian Prime Minister in October.

Yara is a founding partner of The Xynteo Exchange – an annual conference bringing stakeholders from business community, governments and civil society together

in dialogue to “reinvent growth”. Around 85 people participated in a two-day innovation workshop with the aim of finding commercial solutions to problems for humanity.

### Improving practices

Yara is committed to the CAP reform in the EU with the specific aim of embedding environmental aspects into the agricultural policy. Yara supported the eco-scheme for being in line with the European Commission's ambition of moving to a “smarter, simpler, fairer and more sustainable” CAP.

Yara's main approach is built on our balanced crop nutrition strategy. Leveraging quality products, knowledge and solutions for the right application, minimizing input whilst maximizing output is a winning strategy from both an economic and an ecological perspective.

A drive towards improved resource use efficiency, while protecting the farmers' economic interests and the environment, can also help address issues of overshooting the ammonia emissions targets which many EU countries are facing. Applying the right form of mineral fertilizers could generate a reduction of more than 10% of the total ammonia emissions in Europe.

Yara also welcomes the initiatives in the CAP post 2020 taken by the EU-Commission and Member States to support and mainstream the use of FaST (Farming Sustainability Tools) and the development of FAS (Farm Advisory Services), increasing the knowledge transfer and digitization of EU-agriculture, all to the benefit of both the EU environment and its society.

Yara remains committed to the dissemination of information and knowledge through direct contact with key stakeholders and through collaboration with the Euractiv and Politico platforms.

Emphasizing Yara's focus on reducing emissions, Yara took a role as a main sponsor at the Zero Emissions Conference, the primary event of the Norwegian climate NGO Zero. A leading exhibit was the project Yara Birkeland, a zero emissions, autonomous container vessel.

### Customers

Our business units ran several satisfaction surveys in their respective markets throughout 2018. Phone interviews, a central component of many of the surveys, were used to get feedback from farmers, other customers and distributors on order handling, delivery, service and product quality. We also ran local Sales & Marketing specific initiatives, such as online surveys, focus groups, social media engagement, crop clinics, field days, demonstration trials, training sessions, tradeshow, customer phone calls upon delivery of our products and

participation in farmer meetings, to collect feedback. Generally, Yara is recognized for its high-quality products and the application of knowledge across all markets. Complaints about product quality occur from time to time. The complaints are handled according to procedure to analyze and solve the issues. All complaints are logged and we follow-up and investigate individual complaints based on root cause analysis.

Some of the other topics raised in our surveys and through our engagement with farmers, other customers and distributors in 2018 include:

- Brazil: Improve sales force training and the frequency of interaction. Also, confirm delivery dates by phone
- Asia: Improve in-store navigation in retail outlets
- Europe: Based on Satisfaction and Net Promoter Score frequently measure the status for further improvements of the complaint handling

Every third year, Yara conducts a global brand survey to assess brand awareness. The survey also helps us understand our customers preferences in seeking out information about our company, products and solutions.

## Norway

As part of improving Yara's company positioning, we undertook a significant campaign throughout 2018 to raise awareness among key stakeholders as well as the general public. Through advertising, taking visible sponsoring positions at multiple events and active collaborations we succeeded in raising the awareness of the Yara brand.

The campaign strengthens brand association with our mission, therefore extending brand association beyond fertilizer and connecting it with responsibly feeding the world. This has strengthened the perception of Yara as a company positioned to contribute to global issues, in accordance with the company mission and vision.



# Governance

## Governing bodies

The President and CEO constitutes a formal corporate body, according to Norwegian corporate law. The President and CEO is responsible for the day-to-day management of the company. In Yara, the division of functions and responsibilities has been defined in greater detail in the Rules of Procedures established by the board, which set the corporate governance direction. Yara has written a set of directives and processes that help regulate the performance of management and business processes, called the Yara Steering System.

The President and CEO appoints management to assist in his or her stewardship duties delegated by the board and in the day-to-day management, including the organization and operation of the company. The President and CEO determines the instructions for management after prior discussion with the board. The instructions for management and the function descriptions and authorizations issued to each member of management reflect a joint obligation for these members to safeguard the overall interests of Yara and to protect Yara's financial position.

Yara strives to improve diversity in both corporate management as well as board composition. At year-end 2018, Yara's Executive Management Team consisted of ten members. Three were female and three non-Norwegians (Belgian, Brazilian and Chilean).

Yara does not have a corporate assembly, and the shareholders' representatives on the Board of Directors are therefore elected directly at the Annual General Meeting. The board's internal rules of procedure establish in more detail the board's role in relation to managing the company and the other corporate bodies. The President and CEO's authority and responsibilities are defined to allow the board to concentrate on the company's strategy and organization. The board's work follows an annual plan, and it conducts a yearly evaluation of its work and procedures.

The Yara board consists of eight members, of whom five are elected by the shareholders, and three are elected by and among the employees.

At the year end of 2018, females represented 21% of Yara's workforce and held 16.4% of the 175 critical positions.

## Corporate functions

### Corporate affairs

Yara's sustainability work is led by the Corporate Affairs team, organized as part of the Corporate Strategy & Business Development, which is represented in the Yara management team by the Executive Vice President. The main responsibility of the sustainability function is to drive processes that ensure the company responds adequately to external expectations. It also works with the business and external stakeholders to leverage the company's sustainability performance as a competitive advantage. In 2018, Yara established an Environmental, Social and Governance (ESG) framework and updated the company strategy.

### Corporate Human Resources (HR)

Yara's Corporate HR function is responsible for executing the People and Organizational response to Yara's Business Strategy. The Corporate HR organization consist of three central HR teams responsible for compensation & benefits, talent & leadership and HR governance & operations. Furthermore, a network of local specialists supports the implementation of global policies and executes standard processes within their respective segments. The Corporate HR function is headed by the Executive Vice President of People & Global Functions.

### Health, Environment, Safety and Quality

Yara's HESQ function maximizes value creation for Yara by ensuring that the company operates to industry-leading standards related to occupational health and safety, process safety, environment, quality, product stewardship, security and emergency management and preparedness. It is a

prerequisite for achieving a sustainable operation as it takes care of all employees, contractors and stakeholders involved in the life cycle of our plants and our products. The Head of Corporate HESQ reports to EVP People and Global Functions and presents reports to the full Board of Directors and Board's Audit Committee at least once per year.

### Chemical Compliance

Yara Chemical Compliance is a central function responsible for assisting other Yara units in achieving and maintaining compliance with chemical regulations and product labelling worldwide. Yara Chemical Compliance reports to Corporate HESQ.

### Ethics and Compliance

Yara's Ethics and Compliance department is responsible for and oversees the company's ethics and compliance work by maintaining and further developing the Compliance Program. The main responsibility is to assure compliance with Yara's Code of Conduct. The central department is supported by a team of full-time Regional Compliance Managers who are embedded into the business and tasked with the day to day implementation of the Compliance Program. The Chief Compliance Officer reports to the General Counsel and the Board of Directors twice a year and the Board's Audit Committee quarterly.

## External assurance

Yara has decided to seek external assurance of its reporting to the GRI reporting framework. A third party, Deloitte AS, has conducted a review in accordance with attestation standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" established by the International Auditing and Assurance Standards Board. This provides a limited level of assurance on the Yara – GRI Reporting 2018. Deloitte is independent from Yara. Deloitte also audits Yara's financial records. The external assurance is presented to Yara's management team.

The auditor's report is presented in the final section of this report.

## Report details

Yara has prepared this report in accordance with the GRI Standards 'Core' option, as confirmed by the independent auditor Deloitte (see left).

Yara reports on an annual basis, and the reporting period covers the calendar year, unless otherwise specified in the individual responses to the GRI indicators. Our most recent previous GRI report was published in March 2018.

### GRI Content Index

The GRI Content Index is published on [yara.com](http://yara.com):

#### [GRI Content Index](#)

Previous reports are available in the Sustainability section of our website [yara.com](http://yara.com)

Any queries about Yara's sustainability performance or reporting can be directed to

*Bernhard Stormyr*

Head of Sustainability Management

[bernhard.stormyr@yara.com](mailto:bernhard.stormyr@yara.com)





# Economic management approach

## Materiality

Our corporate strategy is based on profitable and sustainable growth, which is material to our long-term success as a listed company. We believe that by offering a positive value proposition to our customers over time, we can deliver attractive returns to our shareholders while also creating value for society – creating shared value.

This belief is reflected in our vision: A collaborative society; a world without hunger; a planet respected. Responding to global challenges corresponds closely with Yara’s core business, with our operations and offerings. We develop knowledge and solutions that support increased yields and better-quality crops, with less waste and a lower environmental impact.

Yara’s 2018 strategy update resulted in a repositioning of the company, setting the ambition of being the Crop Nutrition Company for the Future. A key element of Yara’s strategy is to take a stronger position within premium products and agronomical advice, driving increased resource efficiency and improved environmental performance within the crop value chain.

Over time, Yara expects that fertilizer demand growth will be reduced due in part to improved nutrient use efficiency. Although such a development represents a challenge for commodity fertilizer producers, it creates a competitive landscape where Yara’s knowledge, premium products and solutions are strongly positioned to compete.

Yara will focus more on developing solutions for farmers, with specialized products and digital tools, also supporting higher margins. Yara aims to achieve a more targeted approach to growth, focusing on premium products with higher margins, attractive cost positions and access to raw material.

The strategic priorities of advancing operational excellence, creating scalable solutions and driving innovative growth include embedded sustainability performance elements such as driving energy efficiency, improving nutrient use efficiency and expanding Yara’s crop nutrition solution outreach to customers and farmers.

The disclosures in this section relate to the following material topics, GRI topics and GRI disclosures:

Yara material topic	GRI topic	GRI disclosures
Food security	NA	NA
Agricultural productivity	201 Economic performance	201-1, 201-2, 201-3
Farmer profitability	203 Indirect economic impacts	203-2
Ethics and compliance	205: Anti-corruption 206: Anti-competitive behavior	205-1, 205-2 205-3, 206-1

## Management approach

### Policies and commitments

Yara’s ability to create shared value hinges on our economic performance and maintaining a sound financial capacity. We target a BBB credit rating from Standard & Poor’s, and our objective for returns to shareholders is to pay out an average 40-45% of net income to shareholders in the form of dividends and share buybacks.

The new strategic ambitions developed through the strategy update of 2018 will be launched and made available to the external audience in 2019.

For a full account of our dividend policy and financial performance, please refer to the Yara Annual Report 2018 available on our Investor Relations website.

Yara is committed to serving all shareholders and potential investors with consistent, open and prompt disclosure of relevant information. All material new information is first published to the stock exchange and Yara’s web pages, and Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara is committed to transparency and accountability and adheres to international agreements and national legislation where it operates. We welcome initiatives to strengthen the governance in resource-rich countries by improving openness as to how wealth from natural resources is generated and used. As set forth in EU regulation 2013/34 and in the Norwegian Account Act, we produce a full country-by-country report in accordance with the new reporting requirements with effect from the financial year 2014 for extractive industries (including mining).

For our 2018 country-by-country report, please refer to our [Investor Relations website](#).

## Responsibilities

The Corporate HESQ function, Ethics and Compliance, Human Resources and Corporate Affairs are the main owners of responsibilities for policies on environmental and social topics in Yara. Accountability for performance lies in the operating business segments. Further details of responsibilities are found in the Governance and Corporate Functions section, page 30.

In 2018, Yara developed an Environmental, Social and Governance (ESG) framework. The framework defines the topics under which ESG performance indicators are sorted, including sustainable, ethical and corporate governance indicators.

Yara has formed an ESG committee with a documented mandate on Yara's steering system. The ESG work, coordinated by the ESG committee, aims to ensure that Yara has clearly established accountability, processes and systems in place for the ESG performance indicators.

The ESG Framework and committee work enables us to reach strategic goals and supports the company Mission, Vision and Values. The ESG committee was established in March 2018 and includes representatives from the following functions:

- Health, Safety & Environment
- Ethics & Compliance
- Human Resources
- Communications & Brand
- Corporate Affairs
- Enterprise Risk Management
- Others as required and invited by the Committee

Yara's Group Accounting is responsible for the preparation of the Financial Statement and ensuring that it is compliant with laws and regulations and in accordance with adopted accounting policies. Our procedures for financial accounting and reporting are described in our Accounting Manual, which is continuously updated and revised for any changes related to IFRS and Yara's

Accounting Policies. Our Internal Control function regulates the governance structure for Internal Control over Financial Reporting (ICFR), and manages and controls the systematic risk related to financial reporting.

Responsibility for the transparency and accountability of our Financial Statements ultimately rests with the Yara Board of Directors. The Audit Committee, comprised of three board members, assists the Board of Directors in assessing the integrity of the company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. The Audit Committee further evaluates plans and internal audits performed by the Internal Risk and Audit department within the areas of financial reporting and control.

## Training and awareness

Yara's Steering System is one of the pillars of Yara's internal control system. It aims to ensure that all Yara employees act in a consistent manner and in line with quality standards and business needs. Provision of training to key stakeholders such as CFOs, financial managers, accounting personnel in local units as well as Group Accounting is defined as a KPI in the steering system.

## Grievance mechanisms

Yara is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. To this end, we have implemented continuous and systematic risk management. Our ability to create shared value depends on the efficient management of strategically important risks and opportunities relevant to our industry, arising from our business environment and major global challenges.

For more on Yara's risk management, please refer to the risk chapter of [Yara Annual Report 2018](#).

All Yara employees are encouraged to raise questions or issues about company practices with line management or through alternative reporting channels, including our Ethics Hotline.

For further details, please refer to the Ethics and Compliance management approach, see p. 48.

## Evaluation

Yara experiences a rising demand for environmental, social and governance (ESG) disclosures from investors and other stakeholders. We report to several ESG disclosure and rating initiatives, including the CDP and EcoVadis. To the extent that their data is publicly available, we use their assessments to benchmark our own performance and pinpoint areas for improvement.

Within Yara, all bodies and functions involved in the company's financial reporting monitor and evaluate the need for corrective actions related to financial and operational risk within their area of responsibility. The Audit Committee, which consists of three board members, review the quarterly and annual financial statements. The internal and external auditors participate in these meetings. The Board of Directors receives regular performance reports, ahead of our publicly available quarterly and annual reporting.

Yara Internal Risk and Audit supports Yara Management and the Board of Directors in terms of evaluating the effectiveness and efficiency of internal controls and gives an independent view on risk management. The Chief Internal Risk and Audit Executive reports functionally to the Board of Directors and administratively to the Chief Financial Officer. Yara Internal Risk and Audit has no direct operational responsibility or authority over any of the activities it reviews. The unit has unrestricted access to all functions, records, physical properties and personnel relevant to the performance of its tasks.

For the Board of Directors' assessment of Yara's financial performance in 2018, please refer to the Yara Annual Report 2018. [Latest Annual Report](#)

# Environmental management approach

## Materiality

Yara has a leading position in our industry in reducing greenhouse gas (GHG) emissions and implementing environmental stewardship. While agriculture is the solution to the increasing global demand for food it causes significant GHG emissions. We therefore continuously strive to reduce the environmental footprint of our operations, while at the same time developing and delivering solutions and knowledge to achieve sustainable intensification of crop production worldwide.

The disclosures in this section relate to the following material topics, GRI topics and GRI disclosures, including relevant disclosures of the GRI Mining and Metals Sector Supplement (MM):

Yara Material Topic	GRI topic	GRI disclosures
Climate change	305 Emissions	305-1, 305-2, 305-3, 305-4, 305-5
Energy	302 Energy	302-1, 302-3
Resources and the environment	301 Materials	301-1
	303 Water & Effluents	303-1, 303-2, 303-3, 303-4, 303-5
	305 Emissions	305-7
	306 Effluents and waste*	306-2, 306-3, MM3
	307 Environmental compliance	307-1
	308 Supplier environmental and related disclosures	308-1, 308-2

\* Please note that the effluents-related contents in GRI 306: Effluents and Waste 2016 (Disclosures 306-1 and 306-3) are now found in GRI 303: Water and Effluents 2018 (GRI, 2018).

## Management approach

Yara's mission statement is to *Responsibly feed the world and protect the planet*. Yara is committed to excellent environmental performance, which is also crucial to the success of our business. Yara uses a precautionary approach to identify risks and take preventive measures to mitigate the potential harm to people and the environment and will always search for resource optimization opportunities. Ensuring energy efficient operations is our priority.

Yara is committed to complying with all applicable laws, rules, and regulations in the countries in which we operate. We follow the strictest standards when making decisions, whether they be local or international laws and regulations, Yara's policies and procedures, or our Code of Conduct. We monitor, strive to comply with and exceed industry standards and applicable environmental laws and regulations.

Yara's environmental policy is described in the HESQ policy (latest version February 2017) and in the Code of Conduct (latest version January 2019), both approved by the Yara CEO, Svein Tore Holsether, and available on our website [yara.com](http://yara.com).

### Climate change

Yara's most significant initiative to reduce GHG emissions so far is the development and installation of N<sub>2</sub>O catalyst technology at its nitric acid plants. This technology removes about 90% of the N<sub>2</sub>O emissions in Yara's plants and is also commercially available to third parties. Due to the significant reductions in GHG emissions from our catalyst technology, Yara can offer low-carbon nitrate fertilizers.

Yara has assessed the Carbon Footprint of fertilizers through the fertilizer life cycle. By using our fertilizers and best farming practices, the carbon footprint from crop production can be significantly reduced while maintaining yields. Yara works to enable farmers to make more informed decisions to reduce their environmental impact. The benefits can be measured both in terms of sustainability and productivity.

European nitric acid and ammonia plants are covered by the European Trading System (EU ETS). The ETS system requires standardized and verified emission monitoring and reporting. The carbon price encourages criteria for both improvement and investment decisions.

## Energy

Yara focuses on energy efficiency in our own production processes. We continuously monitor the energy efficiency of our production units, with specific energy KPIs for our ammonia and urea operations, and regularly perform internal and external benchmarking. Energy efficiency diagnostics and audits are carried out resulting in systematic improvement actions. In addition, a number of sites are certified to the Energy Management standard (ISO 50001) and energy efficiency improvement and reporting is required by the EU Energy Efficiency directive for the European sites.

In fertilizer production, our focus is on optimizing the use of natural gas. Almost 90% of Yara's energy consumption takes place in ammonia production. In recent years, most of Yara's ammonia plants have been technically upgraded to improve energy efficiency. These efforts have paid off, and Yara's most efficient ammonia plants rank among the best quartile in the industry. Four out of Yara's eight European plants perform better than the world industry average, as confirmed by the most recent benchmarking carried out by International Fertilizers Association based on 2016-2017 data.

## Resources and the environment

Mineral fertilizers are made from naturally occurring raw materials. In addition to air and natural gas, Yara uses rock phosphate and potassium salts extracted from mined rock, as well as other crop nutrients that are sourced in smaller volumes. Recycled materials as sources for nitrogen, potash or phosphate are not yet used as raw materials on a material scale, but Yara is exploring opportunities to do so. Today, we consider our work to improve agricultural productivity and nutrient efficiency as our main contribution to better resource management. This combines environmental stewardship with profitable farming and promoting the prosperity of local communities.

Water is essential in the fertilizer production process, but it is primarily used for cooling and, to a lesser extent, in steam production and manufacturing processes, which means that most of the water withdrawn is returned to the source unpolluted.

Compliance with statutory requirements and permits is a minimum expectation for any operation. Where public regulations do not provide adequate controls with respect to water and effluents, Yara work with governments, societies and businesses to shape regulations

and practices to uphold this commitment. Discharges to water from Yara's production are mainly nitrogen and phosphate. Control of emissions complies with each site's environmental permits, and is continuously monitored and reported to the local environmental authorities.

Yara has assessed the life cycle aspects of water usage by calculating the water footprint of fertilizers. According to the results, the impact of water use during the manufacturing of fertilizer is minor compared to the in-the-field use phase. Agricultural practices, therefore, hold significant potential for better water management and improved water use efficiency. Yara's largest potential for contributing to solving the global water challenges occur in the fields, at the hands of farmers across the world. Consequently, our primary focus is on our downstream operations and value chain engagement. Yara engages with farmers and partners along our value chain to share knowledge and collaborate on projects seeking to sustainably intensify agricultural production, including through better water management.

Our Research & Development activities show that nutrient supply should be adapted to the availability of water in order to maximize crop water productivity. We continue to investigate and quantify the effects of crop nutrition on water use efficiency through agronomic trials, and to bring this knowledge to growers across the world. We also develop and offer fertigation solutions, which combine irrigation and fertilizer application to help growers apply the right kinds of fertilizers, in the right amounts and at the right time, targeting the plant's root systems rather than the soil in general. Furthermore, we have helped develop methods for reducing emissions deriving from the use of mineral fertilizer, including runoff into waterways.

Yara requires for all its production plants to have certified environmental management systems in place. See table of certifications on p. 39. Each site certified to the ISO 14001 standard has assessed risks related both to the use of water as well as effluents as a part of their environmental impact assessment. Furthermore, ten sites have carried out specific water risk assessments to address potential concerns related to use or discharge of water. The main risks identified in these assessments are related to flooding, access to or shortage of water and effluents to water.

Our sites continue to work together with local communities and other stakeholders to discuss water quality and address water risks and issues. This includes for instance flooding emergency procedures for our plants in Ravenna, Italy and Ambes, France. Risks related to rivers providing the main water supply have been assessed in Köping, Sweden, and Rostock, Germany, and improvements in sanitary water treatment systems are ongoing in plants in Colombia, France, Finland and Brazil. Yara has been a UN Global Compact CEO Water

Mandate signatory since July 2014 and is an active participant in the Water Footprint Network. We engage with private and public partners in a number of projects to improve water stewardship both within our own operations and in agriculture and will continue to do so to help achieve the UN Sustainable Developments goals.

Yara has implemented a company-wide Integrity Due

Diligence (IDD) process, which includes the screening of suppliers against environmental criteria. By reviewing potential and existing suppliers, and working with them to explain our standards, Yara manages the performance of its vendor base. For further details about the IDD process, please refer to the Ethics and Compliance management approach section, p 48.

	Commitment	Achievement
Climate Change	Optimize N <sub>2</sub> O abatement at our nitric acid plants	Development and installation of N <sub>2</sub> O catalyst technology.
	Reduce CO <sub>2</sub> emissions	New Yara business unit, Decarbonize Yara, established with projects aimed at reducing CO <sub>2</sub> emissions, i.e. Green N certificates, renewable NH <sub>3</sub> , clean NH <sub>3</sub> power and green nitrates.
		Yara Production segment has established a KPI to reduce CO <sub>2</sub> emissions, with a company level KPI to be disclosed in 2019
	Link the carbon footprint of fertilizer production to that of agricultural products.	Work with farmers and other stakeholders to promote sustainable agriculture and at the same time increase profitability through higher yields and better quality.
	Establish technology leadership in our core business.	A portfolio of research projects aimed to develop break-through innovations has been established.
The Plant of the Future concept is exploring more cost-effective and emission-reducing production technologies.		
Energy	Certification to ISO 50001 (Energy Management Standard)	Yara Production segment plants continue to maintain or attain ISO 50001 certification.
	Improve energy efficiency	Continue the systematic energy efficiency diagnostics process to identify improvement potential and implement best available technology and practices efficiently.
		Continue our efforts to improve energy efficiency at the ammonia plants by improving plant reliability.
Continuously drive energy efficiency at our production sites with the help of efficient energy management systems and digital solutions.		
Resources and the Environment	Materials: Increase the use of recycled materials as sources for nitrogen, potash or phosphate	A new Yara business unit, BU Circular Economy, was established in 2018 to strengthen Yara's capacity and identify opportunities.
	Water: Improve water stewardship	Continue to engage in sustainable water consumption through Research & Development activities.
		Active participation in the CEO Water Mandate & Water Footprint Network.
	Emissions: Reduce NO <sub>x</sub> emissions	Continue to target further reductions in our NO <sub>x</sub> emissions through renewal and optimization of specific DeNO <sub>x</sub> installations.
	Waste: Contribute to a more circular economy	Leveraging our BU Circular Economy, Yara recently established a partnership with the world-leading resource- and waste management company Veolia to develop circular economy in food and agriculture by recycling nutrients and creating "nutrient loops".
Environmental Compliance: Ensure compliance and continuous improvement of our environmental performance	Attain and maintain ISO 14001 and Product Stewardship certification.	

## Responsibilities and resources

The Head of Corporate HESQ reports to the EVP People and Global Functions, presents reports to the full Board of Directors and Board's Audit Committee at least once per year and has organizational responsibility for ensuring that appropriate environmental governance is in place over the whole of the company. Yara's Board of Directors ensures that policies and steering documents are in place, and is frequently informed about environmental governance, liabilities and risks.

Business units at all levels are accountable for the environmental performance of their operations, for compliance with legal and statutory requirements, and for requirements outlined in the Yara Steering System. Segments and production units have dedicated HESQ resources supporting the implementation and monitoring of HESQ performance. Units report their environmental performance and potential environmental incidents to

the segments and Yara headquarters are subsequently responsible for providing transparent and timely information to the public

## Implementation

Yara requires all manufacturing plants to be certified to the three widely recognized standards ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems. In addition, we continue to implement externally certified Product Stewardship programs throughout our operations. For further details, please refer to p. 52.

The certification process includes regular audits by third parties to ensure compliance with these standards and programs. The table below provides an overview of certifications for our major manufacturing plants.

Production Plant/Mine	ISO 9001	ISO 14001	OHSAS 18001	Product Stewardship	Others
Segment management: Production segment	●	●	●	●	
Australia Pilbara	In progress	In progress	In progress	●	
Belgium Tertre	●	●	●	●	
Brazil Angico dos Dias	-	-	-	-	
Brazil Cubatão	-	-	-	In progress	
Brazil Lagamar	-	-	-	-	
Brazil Luis Eduardo Magalhaes	-	-	-	-	
Brazil Paulinia	● (partially)	-	-	●	
Brazil Ponta Grossa	-	-	-	●	
Brazil Rio Grande	● (partially)	● (partially)	● (partially)	●	
Brazil Salitre	-	-	-	-	
Canada Belle Plaine	●	●	-	●	
Colombia Cartagena	●	-	-	●	
Finland Kokkola	●	●	●	●	GMP +B2 (Feed safety)
Finland Siilinjärvi	●	●	●	●	
Finland Uusikaupunki	●	●	●	●	
France Ambès	●	●	●	●	ISO 50001
France Le Havre	●	●	●	●	
France Montoir	●	●	●	●	
France Pardies	●	●	●	●	
Germany Brunsbüttel	●	●	●	●	ISO 50001
Germany Rostock	●	●	●	●	ISO 50001

Production Plant/Mine	ISO 9001	ISO 14001	OHSAS 18001	Product Stewardship	Others
India Babrala	-	●	-	In progress	
Italy Ferrara	●	●	In progress	●	ISO-FS 22000
Italy Ravenna	●	●	In progress	●	
Netherlands Sluiskil	●	●	●	●	ISO-FS 22000
Norway Glomfjord	●	●	●	●	
Norway Porsgrunn	●	●	●	●	ISO-FS 22000 ISO 50001
Sweden Köping	●	●	●	●	SO 50001
Trinidad	●	●	●	●	

Yara's large chemical manufacturing sites are classified as industrial activities with potential major accident hazards. Their activities are covered by local environmental permits, and they are required to operate in accordance with strict procedures and management controls to prevent major process safety related accidents. Yara has a well-established process safety management system, including detailed technical standards and an extensive audit and inspection program. The systematic monitoring of environmental performance and process safety measures is in place, including process safety tools such as HAZOP (Hazard and Operability studies). Yara's plants are not considered to represent a risk to the local environment, barring a major accident.

### Grievance mechanisms

Yara uses several channels to collect feedback from internal and external stakeholders related to environmental impacts, compliance and expectations. Each case is reported, analyzed and a reply sent back to the initiator. Corrective and preventive actions are considered and implemented when necessary. Cases are followed up at management level. The key mechanisms for environmental grievances are the following:

#### Steering system non-conformity management

Non-conformities to steering documents and technical standards are reported to and handled by the Corporate HESQ function. Any deviations from mandatory requirements are subject to management approval beforehand.

#### Incident reporting system

Yara has a company-wide system in place for reporting and handling of environmental incidents, accidental emissions, non-conformities like permit breaches and pursuant fines or other sanctions. The incident reporting system is managed by the Corporate HESQ function.

### Environmental complaint management

Local units have systems in place to manage complaints and other feedback coming primarily from neighbors and the local community. Grievances are handled locally at each individual site.

#### Ethics hotline

Anyone – internal or external – that wishes to make a complaint related to Yara's environmental performance can do so through our Ethics Hotline. For more on the hotline, please refer to Ethics and Compliance management approach, p. 48

#### Grievances reported in 2018

25 Yara sites received environmental grievances from neighbors or other stakeholders during 2018. A total of 165 environmental complaints and concerns were reported, equal to that reported in 2017. The cases were all addressed and investigated, and 92% of them were closed during the year. The cases were typically individual concerns raised by neighbors related to noise, ammonia smell or dust.

Potential liabilities due to environmental issues are described in Yara's annual report in Note 27.

## Evaluation

The effectiveness of Yara's environmental management is evaluated frequently both internally (e.g. Yara Internal Audits and HESQ audits) and by third parties (e.g. ISO Certification, GRI verification). Improvement actions are taken based on the feedback.

Yara Internal Audit has an important role in evaluating the management and performance of the company.



An internal audit conducted in 2018 concluded that the Health, Environment, Safety & Quality (HESQ) department had mature processes with respect to governance with steering documents (HOPS) in place for all key aspects and a structured way of following-up performance within their area. A potential area of improvement was identified with respect to the number of targets and KPIs for the environmental areas.

A strategy update process, with Yara's Board of Directors and CEO, which included the development of strategic sustainability goals and the formalization of an environmental strategy with defined targets was conducted in 2018.

Internal HESQ audits conducted in 2018 revealed some cases of individual gaps in the implementation of Yara Steering System. Local action plans were created to remediate the gaps and are being followed up by the Corporate HESQ function.

Third party certification and follow-up audits related to Yara's implementation of management standards and programs (ISO 14001) identified positive indications around the implementation of a life cycle approach to environmental performance. They also identified the ambitions and improvements required for rolling out established environmental objectives at regional or site level.

Each year, Yara reports to numerous sustainability rating schemes, such as CDP Climate and CDP Water. Whereas we generally score high in external benchmarks, we also utilize the processes to improve our own performance and best practices.

# Human resources management approach

## Materiality

Knowledge grows is the tagline of the Yara Brand, and our knowledge margin above competitors has been identified as both a materially important topic and a core competitive edge. Attracting and retaining the right talents enables Yara to maintain and strengthen its differentiated positioning in global markets.

Yara’s mission, vision and values capture the essence of the company’s purpose and provide direction and inspiration. Our values Ambition, Curiosity, Collaboration and Accountability are essential to improving the four areas that are critical to driving business outcomes; performance, engagement, retention and attraction.

Yara’s People and Organizational response sets the direction for the management and development of people across Yara. Fully aligned with Yara’s new business strategy, this framework links Yara’s mission, vision and values, our HESQ policies and Ethics & Compliance, and our people systems and processes. Fifteen focus areas have been identified with the main objective to shape Yara’s culture and to attract and develop talented and diverse people to deliver the business strategy.

The disclosures in this section relate to the following material topics, GRI topics and GRI disclosures:

Yara Material Topic	GRI topic	GRI disclosures
Knowledge, people and technology	401 Employment	401-1, 401-2, 401-3
	404 Training and education	404-1, 404-2, 404-3
	405 Diversity and equal opportunity	405-1, 405-2

## Management approach

### Policies and commitments

Yara is committed to developing a culture of continuous improvement and productivity, which includes enhancing the understanding of the full concept of Diversity & Inclusion and driving and following-up our D&I ambitions. Yara is committed to promoting equal opportunities and fighting discrimination. A diversified employee base is a key success factor and provides abundant opportunities to add value to our company. Our ambition is to increase the proportion of women in management positions and focus on gender diversity in key human resources processes like recruitment, performance management, employee development and succession planning.

Yara’s ultimate goals of Diversity & Inclusion are

- contributing to the greater good of society and to a world which is respectful of individuals and their similarities and differences
- improving our organizational performance

The company aims to

- secure equal career opportunities, equal pay and work-life integration
- have a diverse workforce and leadership, representing the markets we sell to and operate in
- create a collaborative and inclusive work environment in which employees feel valued for their uniqueness and safe to be themselves
- be seen as a valuable D&I discussion partner to external stakeholders and influence our partners

The chemical industry has traditionally been a male dominated field, and Yara suffers from having too few female employees across all areas, except in administration. This is also replicated in the diversity level at leadership positions across Yara. Yara has decided to address the gender diversity imbalance more assertively, as we believe in creating an equal opportunity workplace and that gender diversity can help drive a high-performance organization.

All business units and organizations have defined their gender diversity ambitions for 2020, both for the overall population in the segment as well as for gender diversity in critical positions. Actions have been defined and progress is being followed-up on a quarterly basis. This includes following-up percentages of successors to senior management positions based on gender and nationality/ethnicity and running regional development programs for emerging female leaders.

In addition to addressing gender diversity, Yara has taken measures to improve inclusiveness and diversity related to visible differences such as age and ethnicity as well as fundamental differences such as education or thinking styles. This includes the launch of mentoring programs with a focus on minorities for selected employees after the succession planning process.

Yara is committed overall to paying employees fairly, regardless of personal beliefs or any individual characteristics. Individual remuneration will vary based on specific factors such as country, employment market conditions, position, performance and competence.

In 2018, Yara performed a gender pay gap analysis in Brazil, Norway, Colombia, Belgium, UK and the USA. These countries represent Yara's largest employee workforces, making up more than 60% of overall employees. Tariffed employees were not in scope as they do not have individual salary definitions.

Yara identified a gender equal pay gap in the analyzed countries, ranging from 2.1% in Norway to 16% in Colombia, which remains after correcting for factors such as position level, education and experience. The gap is present among women throughout their employment tenure; from new hire to long term employment.

As part of the Diversity & Inclusion Strategy, Yara has set an ambition to close the gender equal pay gap over the next five years. In order to achieve this ambition, we have already implemented stricter rules for salary review and recruitment that are valid for both men and women in order to prohibit negative discrimination.

In order to ensure balanced pay is a priority, an additional budget from the corporate level will be allocated for business units to close the gap over time. In order to track progress and compliance, yearly follow ups will be executed to determine if additional budgets are necessary to close any gender pay gap fluctuations that arise over time.

The global HR policies in Yara are under continuous revision in order to ensure that they offer the right balance for both the local and global business environments which helps in achieving the desired outcome.

## Responsibilities

Organizational responsibility for the oversight and follow-up of labor practices and performance quality lies with the Executive Vice President People & Global Functions. This is enabled through a structure of management forums which bring the HR leadership from all business sectors together, along with an annual global HR summit. A network of HR employees provides support across the globe in the implementation of the HR strategy, alignment with business priorities and efficient deployment of HR resources according to local needs. HR employees report directly to the business units they serve.

## Implementation

Development is formally discussed between managers and employees twice a year, once at the beginning of the year and once in the middle of the year. Apart from running two formal Performance & Development Discussions per year, managers are expected to frequently follow up and provide feedback, coaching and support for the employees' goal achievement and development activities.

In 2018, all Yara employees had the opportunity to take part in the Performance Management and Talent Development processes, either using the HR Information System (HRIS) as the main tool or completing the process on paper. All major people processes are run globally, on all levels of the organization, and are supported by Yara's HRIS. Both managers and employees have access to HRIS through Manager Self Service (MSS) and Employee Self Service (ESS), respectively. The Performance Management and Talent Development processes migrated to Yara PeoplePath – built on SAP Successfactors – in late 2018, which was globally deployed for all users in the fourth quarter of 2018.

Yara's interactive learning platform, Yara Learning, offers a single repository for all global learning programs and provides employees and contractors with opportunities to develop their competencies. The platform is available to all employees and contractors with access to Yara's internal systems. It contains a wide range of training material including e-learning courses, e-books and videos. The curriculum is continually developed and expanded based on the needs and priorities of the business. Yara Learning was incorporated into Yara PeoplePath as of the fourth quarter of 2018.

Yara has developed and is running various Leadership Development programs, to further develop and grow our leaders in order to leverage, inspire, build and deliver on Yara's ambitions over the long term. In 2018, we put particular focus on developing our collaborative culture and our coaching culture. Our goal is to equip Yara employees with the skills and competencies they need to be successful in their jobs, and to support the future success

of the company. In addition, Yara's operations conduct many regional or local training activities, including mandatory training related to, for example, HESQ and leadership development activities adapted to local or regional needs. In 2018, all employees had to complete ethics training, and safety training was developed and deployed by the HESQ team.

### Grievance mechanisms

Yara strives to maintain a good working environment by encouraging open and direct communication between employees and their supervisors. All employees are free to voice their problems and views on work-related issues without fear of retribution. The company believes that a full discussion can, in most cases, facilitate the resolution of misunderstandings and preserve good relations between management and employees.

Employees who have work-related concerns, or feel that they have been treated unfairly, are encouraged to speak with their immediate supervisors. If the employee and supervisor are unable to resolve the issue, the employee is encouraged to go the next higher level of management, the Ethics and Compliance team or to HR. The company will make every effort to settle an employee's problem on a fair and equitable basis. Employees who use the resolution policy in good faith will not experience any retaliation. Yara's Ethics and Compliance Department received a total of 166 notifications that were classified as 'People' matters during the reporting period. All 166 of these notifications were addressed, and 133 resolved, during the reporting period.

In 2018, Yara HR dealt with a total of 331 Labor Grievance cases. 324 were in Brazil, one in Africa, one in Asia & Oceania and five in Europe. Of the 331 cases, 89 were both reported and resolved in 2018. 255 cases were reported before 2018, but resolved during 2018.

In Brazil, most labor claims are related to one or more of the issues below:

- 67.5%: Overtime
- 40%: Break
- 35%: Insalubrity

In Brazil, it is quite common to raise claims against the employer. Labor courts are considered to be a place for negotiation between the employee and employer.

## Evaluation

The Human Resources organization of Yara continuously strives to ensure the business needs and targets are met, with the most valuable resources – its employees. This function enables the right people for the right job at the right time. Yara's people processes are closely linked to Yara's overall strategy. The redefined Yara's people strategy followed the revision of the company's vision, mission and values. The new people framework connects our people and organizational priorities.

HR in Yara is working on strengthening the performance culture through professional performance management processes, improving the leadership development and reinforcing the talent management. Yara is committed to fostering diversity and open dialogue.

At Yara, we also put great effort into creating a coaching and feedback culture, take feedback very seriously and strive for continuous improvement. Both external and internal feedback are delivered to the responsible unit and corrective actions are taken – provided the feedback is seen as relevant. Our goal is to continuously improve the performance of the company and the engagement of our employees.

Yara Voice, Yara's employee engagement survey that ran last in 2017, defined the extent to which Yara employees were motivated to contribute towards our company's success and were willing to apply discretionary effort in accomplishing tasks that were important to the achievement of the strategy. According to IBM's global benchmark, the resulting employee engagement level in Yara positions us as one of the most engaged companies. Based on the survey results, all units defined actions, most of which were implemented and completed in 2018. While we plan to run another extensive employee engagement survey (similar to Yara Voice 2017) in 2020, three global pulse surveys are scheduled for 2019, focusing on engagement, performance enablement and Diversity & Inclusion.

# Health and safety management approach

## Materiality

Yara's ambition is to lead and shape our industry by setting the standard for performance. We aim to minimize the exposure of workers and contractors to conditions that could negatively affect their health, security and safety. Securing safe and healthy working conditions is our highest priority. It is good for our employees and contractors, and it is good for business.

The disclosures in this section relate to the following material topics, GRI topics and GRI disclosures:

Yara Material Topic	GRI topic	GRI disclosures
Health and safety	403 Occupational health and safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9
	410 Security practices	410-1

## Management approach

### Policy and commitments

Yara's ultimate ambition of zero injuries is clearly anchored in our Health, Environment, Safety and Quality (HESQ) Policy. Health and safety are always top priorities, and we continue to set challenging KPIs for personal and process safety. Our focus is on actions that will further develop the safety culture at Yara with the aim to reduce exposure to hazards through safety leadership and greater responsibility for oneself and others.

We pursue our ultimate goal of zero injuries by the Safe by Choice initiative, which has been established to instill a common safety culture and lead the company to safety excellence. The aim is to proactively improve Yara's safety culture where everyone takes responsibility to be 'Safe by

Choice'. This means an increased focus on responsibility for individual safety and the safety of colleagues. Our Safety Principles are aligned accordingly, and a set of actions has been defined, focusing on the application of safety leadership, tools and methods, with a steadily increasing level of quality and consistency through competence development and employee engagement.

Yara is also committed to protecting life and health, infrastructure, the environment we work in, information and our reputation by understanding security risks and proactively implementing mitigating measures. Security is an obligation to our employees and is part of our license to operate. Security service providers are expected to comply with our Business Partner Code of Conduct.

Yara's health, safety and security policy is described in the HESQ policy (latest version February 2017) and in the Code of Conduct (latest version January 2019), both approved by the Yara CEO, Svein Tore Holsether, and available on our website yara.com

### Responsibilities and resources

The Head of Corporate HESQ reports to EVP People & Global Functions, presents reports to the full Board of Directors and Board's Audit Committee at least once per year and has organizational responsibility for ensuring that appropriate health, safety and security governance is in place over the whole of the company. Yara's Board of Directors ensures that policies and steering documents are in place, and is frequently informed about health, safety and security governance, liabilities and risks.

Within this framework, Yara's plants and units maintain close control of their own health and safety performance, local employee involvement, compliance with national legislation, and adherence to Yara's high technical and operational requirements.

Accountability for security risk decisions lies with the business line. Every site manager ensures that all areas of security within their area of responsibility are being assessed. Additionally, Yara has established a Corporate Emergency response and security function. It highlights activities relevant for:

- **Physical Security:** protecting employees, equipment and information, restricting unauthorized access to facilities and protection against sabotage, intended damage and theft
- **Personnel Security:** protecting against people trying to exploit our employees for unauthorized or criminal purposes, including insider threat
- **Travel Security:** protecting and advising our business travelers, and provide guidance on how to behave in different cultural and security environments globally

## Implementation

Yara has strict requirements for the reporting of incidents, accidents and injuries and we work continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and by developing the competence and hazard understanding of the employees and our contractors.

We aim to obtain a global umbrella certification to the British Standard OHSAS 18001 Occupational Health and Safety Management Systems. This management standard ensures a systematic approach to managing all health and safety aspects in our operations, and independent third-party audits represent valuable evaluation mechanisms to assess and improve our performance. We successfully obtained umbrella certification for the Production segment and its 22 units worldwide in 2017 and continue to seek umbrella certification for the remaining operations.

Our safety management system includes detailed operational standards with respect to the management of health, safety and security incidents, including the investigation process, as well as the identification and assessment of occupational health and safety risks. These standards are part of an extensive audit program. Non-conformities to the standards are monitored and followed up in detail by the management.

Contractors are subject to the same scrutiny as employees, and managers carry out frequent safety walks around sites to ensure that standards remain high. Visible, safety-minded leaders are necessary to achieving the next level of safety performance.

Yara is committed to upholding a positive working environment that supports both physical and mental health, and we promote a healthy lifestyle. In 2018, Yara launched an occupational health management system to ensure a common standard and a global approach to occupational health services.

Incidents are systematically investigated according to defined severity levels and procedures are in place to have independent off-site experts perform investigations of the most severe incidents. Lessons learned from accidents and

incidents are shared among our plants. Classification of personal injuries is aligned with OSHA requirements.

To improve HESQ knowledge of all our employees, leaders and contractors, a practical and interactive training program “Together we learn” has been developed, and it was rolled out to all segments and units in 2018. The training will further strengthen the knowledge of all Yara employees and leaders about key safety aspects such as our HESQ principles, Safe by Choice program, our hazards and risks and our Golden Rules. Improving the competence of our employees is a key element in improving Yara’s health and safety management system. In addition, Yara’s HESQ Academy contains training material and background information on all HESQ areas. Yara’s employees are regularly trained in the conduct of safe operations and response in case of emergencies.

Security management in Yara is designed to ensure that leaders can handle all security related issues and mitigate risks to the lowest level reasonably achievable and is integrated in all business processes. Yara’s global security system includes a standardized method for assessing security risks, developing a steering system for security, providing support and advice to all business units and further improving the company’s emergency response practices. The purpose of security in Yara is to identify and protect against threats from criminals, activists, local population, terrorists, states and competitors and to implement necessary mitigating measures to reduce our vulnerability.

## Grievance mechanisms

Yara uses several channels to continuously monitor safety and security incidents. We seek to handle unwanted incidents proactively in order to reduce the potential impact on our employees and the company. Cases are followed up at management level. The key mechanisms for Health, Safety and Security grievances are the following:

### Steering system non-conformity management

Non-conformities to steering documents and technical standards are reported to and handled by the Corporate HESQ function. Any deviations from mandatory requirements are subject to management approval beforehand.

### Incident reporting system

Yara has a company-wide system in place for the reporting and handling of occupational, process safety and security incidents, near misses and hazardous conditions, covering employees and contractors. The incident reporting system is managed by the Corporate HESQ function.

### Crisis Manager

Yara has a dedicated Crisis Manager on duty 24/7 who can be alerted about any severe and extraordinary

situation (emergencies) or threats, and assist in handling any crisis, should one occur.

### **International SOS**

Yara has established an International SOS function to assist employees in incidents related to health, safety or security during travels.

### **Ethics hotline**

Anyone – internal or external – that wishes to make a complaint related to Yara’s health and safety performance or security situation, can do so through our Ethics Hotline. For more on the hotline, please refer to Ethics and Compliance management approach, p. 48.

## **Evaluation**

The effectiveness of Yara’s Health, Safety and Security management systems is evaluated frequently both internally and by third parties. Improvement actions are taken based on the feedback.

In 2018 Yara conducted internal HESQ audits of 24 units in total, focusing on occupational safety or process safety. Management was informed of the findings from the audits and the closing of non-conformities is being followed up.

# Ethics and compliance management approach

## Materiality

With operations in more than 60 countries and sales to about 160 countries, Yara is exposed to different cultures and traditions, to different labor conditions and threats where our people work and travel. We are dedicated to responsible business conduct throughout our operations and activities. Ethical business conduct is a critically important response. This means respecting recognized labor and human rights, both in our operations and in our supply chain, and having safeguards in place for combating corruption and respecting laws and regulations. Responsible business conduct is decisive to earn the trust of our stakeholders and key to our success.

The disclosures in this section relates to the following material topics, GRI topics and GRI disclosures:

Yara Material Topic	GRI topic	GRI disclosures
Ethics and compliance	205: Anti-corruption	205-1, 205-2, 205-3
	206: Anti-competitive behavior	206-1
	406: Non-discrimination	406-1
	407: Freedom of association and collective bargaining	407-1
	408: Child labor	408-1
	409: Forced or compulsory labor	409-1
	412: Human rights assessment	412-1, 412-2, 412-3
	413: Local communities	413-2
	414: Supplier social assessment	414-1, 414-2
	415: Public policy	415-1
419: Socioeconomic compliance	419-1	

## Management approach

### Policies and commitments

Yara's Code of Conduct states a clear commitment to respecting internationally recognized human rights throughout our own operations, as well as in our supply chain. We support the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO). As a signatory to the United Nations Global Compact, Yara is firmly committed to its ten core principles, which cover human rights, labor rights, environment and anti-corruption.

In addition, Yara has developed a Business Partner Code of Conduct that takes into account internationally recognized and endorsed standards in key areas such as international human rights, business ethics and labor conditions. Yara is committed to working only with partners that fulfill the requirements of the Business Partner Code of Conduct. Yara recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations, and we expect our business partners to uphold the same rights.

At Yara our mission is to responsibly feed the world and protect the planet. Our vision is of a collaborative society; a world without hunger; a planet respected. Knowledge grows is at the core of this endeavor. It's an integral part of who we are, what we do and why we are doing it. It fuels our ambition to provide sustainable solutions to some of the major global challenges of our time.

Our Compliance Program is an important element in how we achieve this. Yara's continued success is dependent upon retaining and promoting our reputation and public trust. Knowledge grows responsible business conduct. Our Compliance Program fosters this by facilitating the flow of information through reporting channels, an extensive training program, and documents such as the Code of Conduct. It also promotes transparency and accountability throughout our work.



A specific Human Rights focus was implemented in 2018 with the development of an annual Human Rights plan and targeted Human Rights Impact Assessments in specific countries where risks of Human Rights violations were identified. This focus will continue in 2019 and be an integral part of the Compliance Program.

Yara's Code of Conduct expresses our commitment to being a positive force for innovative solutions while honoring responsible business conduct. Yara's Ethics and Compliance Department is responsible for upholding the Code of Conduct and the Compliance Program, providing guidance to all relevant stakeholders and performing specific activities, such as training, risk assessments and internal investigations, for that purpose.

### Responsibilities

Yara's Ethics and Compliance Department has organizational responsibility to provide a best in class ethics and compliance program. The department plays a key role in the management of all risks related to human rights, corruption, fraud and business partner integrity. Ethics training of employees is among the key performance indicators (KPIs) followed by Yara's Board of Directors. The Chief Compliance Officer reports to Yara's General Counsel and has a dedicated meeting structure for the full Executive Management team.

### Training and awareness

Yara's Code of Conduct is reviewed on a yearly basis. A new version was launched on 1 January 2018 and was approved by the Board of Directors. It applies to all of Yara's employees, whether full-time, part-time, permanent or temporary. It also applies to the members of the Board of Directors. The document has been translated into 15 languages and has been distributed globally.

The Code of Conduct documents Yara's position on a range of topics, including corruption, hospitality, gifts and expenses, antitrust and human rights. It outlines the key principles of Yara's Ethics and Compliance Program, which includes:

- The internal Ethics Portal with clear, practical guidance for all Yara employees
- Mandatory e-learning on a range of ethical topics
- Yara's Ethics Hotline, available in over 60 languages, allowing both employees and external stakeholders to share their concerns confidentially
- An interactive, face-to-face training program
- Mandatory Ethics and Compliance introduction as part of the human resources onboarding

The Ethics and Compliance training program is carried out by eight full-time regional compliance managers across the world. In 2018, about 3,900 people received face-to-face training in ethics and compliance matters, including

human rights as a distinct topic. All training sessions included information about accessibility of reporting channels.

Yara employees are also required to study, observe and comply with the various guidelines laid down in Yara's Competition Compliance Manual. The manual is available for all employees and has been adapted to local law in seven jurisdictions and translated into seven languages. In addition to the mandatory e-learning, an interactive competition law training video is available for all employees in the Yara Learning portal.

### Reporting system

Yara has extensive reporting channels in place for anyone – internal or external – that wishes to raise a grievance or file a complaint on any topic related to human and labor rights, anti-corruption, compliance or other potential company malpractice. This can be done anonymously if one so chooses, subject to local legislation. Our Ethics Hotline is available in 60 languages 24 hours a day, seven days a week. Our website and intranet feature an option to send complaints by email. Additionally, there is the option to report issues through line management and most staff functions.

According to the “Yara International ASA – Reporting and Investigation Procedure for Ethics & Compliance Matters”, the prioritization of cases is made at the discretion of the Chief Compliance Officer, following specific criteria that consider factors like values involved in the allegation, seniority of people involved, risk categories, scope geographically and functionally, as well as potential impact for Yara.

Notifications are also categorized. Categories are defined based on the nature of the allegation and have been benchmarked against internationally accepted best practice. The table on p. 50 depicts the categories and sub-categories currently in use.

Main Category	Sub Category
1. Corruption	1.1. Conflicts of Interest
	1.2. Bribery
	1.3. Illegal gratuities
	1.4. Economic Extortion
	1.5. Facilitation Payments
	1.6. Antitrust
2. Asset Misappropriation	2.1. Theft of cash on hand
	2.2. Theft of cash receipts
	2.3. Fraudulent Disbursements
	2.4. Inventory and all other assets
3. Financial Statement Fraud	3.1. Overstatement
	3.2. Understatement
4. Human Rights	4.1. Child labor
	4.2. Forced labor
	4.3. Freedom of association and right of collective bargaining
	4.4. Human trafficking
5. People	5.1. Discrimination and Unfairness
	5.2. Harassment
	5.3. Inappropriate Behavior
	5.4. HESQ
	5.5. Drug and Alcohol
	5.6. Contracts
6. Data Privacy	6.1 Misuse of data
	6.2 Theft of data
	6.3 Improper or unlawful disclosure of data
7. Data Privacy	7.1. IDD's
	7.2. Contracts
	7.3 CVP
8. Data Privacy	8.1. Gifts
	8.2. Hospitality
9. Data Privacy	9.1. Sponsorships
10. Data Privacy	10.1. Lobbying
	10.2. Political Activity and Contributions
11. Data Privacy	Any other than the subcategories above

The “Yara International ASA – Reporting and Investigation Procedure for Ethics & Compliance Matters” also defines the process that shall be followed when handling notifications and conducting investigations. Upon receiving and accepting a notification, the process includes specific steps, such as categorizing and prioritizing the notification, followed by communicating with relevant stakeholders, planning and executing. Documenting evidences and issuing a final report finalizes the process. In addition, specific requirements related to communicating the outcomes to the relevant people within the organization and most of all preserving a fair process, in which the subjects involved have the right to manifest their positions, defend themselves and show their evidences is included in the Procedure.

In general, high priority notifications are handled by Ethics & Compliance, frequently with the support of external counsel. Medium priority notifications are handled by Ethics & Compliance with the cooperation of relevant leadership, whereas low priority notifications are usually handled by Human Resources and/or other expert functions, depending on the allegation.

### Integrity Due Diligence

Yara’s Integrity Due Diligence (IDD) process is designed to ensure that our business partners are made aware of and adhere to our Business Partner Code of Conduct. It requires any new business partner to undergo an initial assessment, in which Yara employees shall evaluate whether or not the new partner is exposed to any of the five risk criteria:

- Country risk
- Agents & Intermediaries
- Strategic importance
- Known integrity risks
- Public tenders

If one or more of them are present, the business partner must complete a self-assessment and declaration covering key business information and compliance across many risk areas, such as:

- Company data
- Anti-corruption and integrity
- Assessment of suppliers and partners
- Human resources, human rights and labor rights
- Health and safety
- Environment
- Declaration

If the self-assessment and declaration uncovers unacceptable risks, an In-Depth IDD may be required. Whether or not this is necessary will be agreed upon by the business unit and the Ethics and Compliance Department. Continued monitoring of high-risk business

partners is also a part of the IDD process, and consists of nightly screening against compliance databases as well as close cooperation between the business line and Ethics and Compliance.

The IDD process and description of its use and steps is available to all employees on the Ethics and Compliance intranet pages. Complying with and understanding the IDD process is the responsibility of all employees.

## Evaluation

More than 270 notifications to Ethics & Compliance were recorded in 2018, an increase from 253 in 2017, indicating that awareness of the reporting mechanisms and confidence of a confidential and professional investigation process has been maintained within the organization. The Ethics Survey performed in November 2018 supports this perception among Yara employees.

The IDD system was upgraded in late 2017. It supports more efficient processes, better quality assurance and stronger involvement by Ethics & Compliance.

An annual Human Rights action plan was developed in 2018, shifting from a 'rules-based' compliance standard to values-driven culture building. A global Human Rights risk assessment was used to prioritize efforts and select countries for Human Rights Impact Assessments based on country risk profiles, Yara headcount and type of operation. Actions to prevent Human Rights violations are performed in close cooperation between Ethics & Compliance and business unit management, governed by the Code of Conduct and coordinated by the Ethics & Compliance department. The Ethics Survey conducted in 2018 showed high employee engagement and will guide

the departments focus and dedicated work on ethical leadership in 2019.

## Environmental, Social and Governance (ESG)

In the course of 2018, Yara developed an Environmental, Social and Governance (ESG) framework. The framework defines the topics under which ESG performance indicators are sorted, including sustainable, ethical and corporate governance indicators.

Yara has formed an ESG committee with a documented mandate on Yara's steering system. The ESG work, coordinated by the ESG committee, ensures that Yara has clearly established accountability, processes and systems in place for the ESG performance indicators.

The ESG Framework and committee work aims to enable us reaching the strategic goals and supports the company Mission, Vision and Values. The ESG committee was established in March 2018 and includes representatives from the following functions:

- Health, Safety & Environment
- Ethics & Compliance
- Human Resources
- Communications & Brand
- Corporate Affairs
- Enterprise Risk Management
- Others as required and invited by the Committee

The Committee convenes monthly and will have regular reporting to Executive Management in 2019. Furthermore, the Board of Directors will be updated as requested. The Committee's work is structured around Yara's ESG framework, as detailed below:



# Product Stewardship and Chemical Compliance

## Materiality

Yara is committed to Product Stewardship. Product Stewardship provides a systematic, risk-based approach to monitoring and reviewing the quality of operations and products. It commits us to making sure customers and end-users get the right products, for the right purpose, with proper information about how to use them – thereby addressing concerns about the impact of modern farming.

The disclosures in this section relate to the following material topics, GRI topics and GRI disclosure

Yara Material Topic	GRI topic	GRI disclosures
Product Stewardship	416 Customer health and safety	416-1, 416-2
	417 Marketing and labelling	417-1, 417-2

## Management approach

### Policy and commitments

Yara systematically monitors and reviews the quality, handling and use of all our products, ensuring that proper care is taken along the entire value chain. We mitigate the risks associated with product misuse.

Yara products and services related to the supply of fertilizers and chemicals are regulated by national and international chemical and product related codes, and Yara is fully committed to compliance with such regulations in the countries where Yara is represented. We follow the strictest standards when making decisions, whether it be local or international laws and regulations, Yara’s policies and procedures, or our Code of Conduct. Statutory regulations shall always be complied with. In cases of inconsistency between the statutory requirements and the Yara standard, the more stringent shall apply. We monitor, comply with, and strive to exceed industry

standards and applicable product related laws and regulations.

Yara’s Product Stewardship and Chemical Compliance policy is described in the HESQ policy (latest version February 2017) and in the Code of Conduct (latest version January 2019), both are approved by the CEO, Svein Tore Holsether, and available on our website yara.com.

Our key commitments and initiatives related to product stewardship and chemical compliance are as follows:

- Yara constantly seeks to improve the quality of its products, operations and manufacturing processes, to maximize efficiency, and to ensure that our products are properly handled.
- All Yara’s European Production, Crop Nutrition and Supply Chain units operating with sourcing and logistics shall comply with the Fertilizers Europe Product Stewardship Program, including certification requirements as defined by Fertilizers Europe.
- Our Non-European Production, Crop Nutrition and Supply Chain units shall comply with the IFA Protect & Sustain (P&S) program. A unit should be certified if a certificate is pursued by Yara or segment management or if it promotes Yara business.
- Units in the Industrial segment shall comply with the Product Stewardship management requirements to the level it is applicable for their operations. Certification requirement does not apply.
- Additionally, local programs are applied when relevant, like the Fertilizer Industry Assurance Scheme (FIAS) program in the UK
- Chemical compliance is referenced in Yara’s core Procurement Process, and the operating procedure mandates all business managers to register all relevant substances with support from Yara Chemical Compliance

### Responsibilities and resources

The Head of Corporate HESQ reports to EVP People and Global Functions. Reports are presented to the full Board of Directors and Board’s Audit Committee at least once per year. The Head of Corporate HESQ has company-

wide responsibility for ensuring chemical compliance and implementing product stewardship programs. Managers at all levels of the organization are accountable for the performance of their operations, for compliance with legal and statutory requirements and requirements laid down in the Yara Steering System.

Yara units are responsible for:

- notifying and registering chemical substances in Yara products according to chemical regulations. A global Yara network is in place.
- securing legally correct labelling and packaging of all products in local markets, providing Safety Data Sheets and other relevant documents for Yara products to the customers and markets
- informing customers and business partners about relevant product compositions, their correct uses and safe handling
- maintaining up-to-date product data and informing Corporate HESQ about new products and changes in existing products or new initiatives

Yara HESQ is responsible for

- assisting the units in Product Stewardship activities.
- assisting the units in evaluating and responding to regulatory requirements within the field of Product Stewardship.
- establishing Product Stewardship requirements for the units by providing Yara Steering System documents for key areas and developing performance measures for Product Stewardship.
- supporting the units in authoring legally required product safety information such as Safety Data Sheets and chemical compliance requirements.
- initiating product safety, quality and security related research and development as agreed upon with Yara management.
- monitoring and reviewing Yara's activities on Product Stewardship on regular basis.
- coordinating and planning Product Stewardship certification activities for Yara units.

## Product Stewardship implementation

By implementing the Product Stewardship programs, Yara aims to ensure that proper care is taken along the whole fertilizer value chain from product development and the purchase of raw materials, during production and storage, and in the distribution network right up to the end delivery and use on the farm. The Product Stewardship programs address product safety, environmental issues, safe food production, and security against theft and misuse.

We are audited according to Fertilizers Europe's Product Stewardship program every three years by an independent third party. The latest audit, in June 2017, confirmed that Yara conforms to the program. Similarly, outside Europe the Protect & Sustain product stewardship program set forth by the International Fertilizer Industry Association (IFA) is audited every three years.

Currently, all Yara's relevant European units and 30 legal entities across North and Latin America, Asia, Australia and Africa – are certified according to these Product Stewardship programs. The non-European recent acquisitions have been given extra time for certification depending on the extent and nature of their activities.

Yara's Product Stewardship programs have a risk-based approach to ensure that no chemical or product present unacceptable risks to people or the environment, and to reduce any existing risks to the lowest practical level. We consider both sourcing, production, storage and handling situations, as well as abnormal circumstances, such as spillages, accidents or criminal acts. Selection of consultants and vendors are done based also on health, environmental and safety criteria.

The Product Stewardship program covers the safe handling of hazardous substances and waste, systematic efforts to reduce waste, emergency preparedness for every relevant step of the value chain, also including compliance to the EU Seveso directive for emergency prevention, response program and preparedness. Training for the latter is required on at least an annual basis.

Security is considered throughout, including in production processes, storage, site security, transportation and handling of products. The structure of the two product stewardship programs set out by Fertilizers Europe and IFA both follow the product life cycle. For each step of the product life cycle, a set of requirements need to be implemented and complied with.

The illustration below provides an overview of the most important programs and mechanisms.



To learn more about Fertilizer Europe's Product Stewardship program and IFA's Protect & Sustain program, please refer to:

[www.productstewardship.eu](http://www.productstewardship.eu)  
[www.protectandsustain.org](http://www.protectandsustain.org)

### Chemical compliance implementation

Products in EU/EEA markets shall be in compliance with the European chemicals' regulation REACH and the CLP regulation on the classification and labelling of chemicals. The requirement of a formal chemical compliance check is embedded in the purchasing and sales processes.

Special care is taken if chemicals with serious hazard or subject to specific legislation are needed. This applies to chemicals classified as carcinogenic and mutagenic or toxic to reproduction (CMR), persistent, bioaccumulative and

toxic (PBT) or very persistent and very bioaccumulative (vPvB), and chemicals subject to authorization or restriction in the market, like REACH SVHC, Annex XIV and XVII chemicals. For these chemicals the following applies to all Yara business units:

- Procurement of such chemicals shall be avoided whenever possible.
- Existing use of such chemicals shall be identified, and they shall be substituted with other chemical agents or processes if feasible.
- The necessity of using such chemical agents shall be documented
- All use of and potential exposure to such chemicals shall be assessed, and if substitution is not possible the risk shall be reduced to a minimum, primarily by engineering risk management measures e.g. closed systems.

For the sake of clarity, Yara's products and raw materials are inorganic commodity chemicals, like ammonia, inorganic acids and their inorganic salts. Organic chemicals of concern – like Persistent Organic Pollutants (POPs), Polyaromatic Hydrocarbons (PAHs), ozone depleting substances, pesticides or industrial chemicals like polychlorinated biphenyls or PCBs, are not raw materials, products or intermediate materials in Yara's production processes.

Since the REACH regulation came into force, Yara has identified ten chemical substances of concern. One chemical was granted an Authorization by the Commission, following which the substance was phased out as scheduled.

The nine other substances are being tracked and managed by Yara Chemical Compliance, with defined responses according to the regulatory processes.

### Grievance mechanisms

Yara engages with the customers in a number of ways, such as through customer satisfaction surveys, local customer services and social media platforms, and by arranging local farmer meetings. Yara's local agronomists work with re-sellers and scientists to test fertilizers under local conditions and help disseminate knowledge and gather feedback from growers. Additionally, our country websites feature contact forms for anyone who wants to raise questions or provide feedback.

Furthermore, we have implemented mechanisms for the handling of complaints, traceability and product recall in line with the product stewardship programs. These requirements include systems for:

- Complaint handling
- Batch traceability
- Product recall
- Emergency handling

## Evaluation

The effectiveness of Yara's Product Stewardship and Chemical Compliance management systems is evaluated frequently both internally and by third parties. Improvement actions are taken based on the feedback.

In 2017, Yara's European fertilizer activities were audited by an independent third party and found to conform with Fertilizers Europe Product Stewardship program. The audit followed the triannual certification process and covered Yara's full portfolio of fertilizer products, their raw materials, intermediates and related solutions of fertilizer business units, supply & trade units and manufacturing plants operating in Europe. Yara's activities were found in overall good compliance with the program. Actions plans are in place to strengthen areas for improvement, and Yara HESQ is developing additional guidance documents to support the transfer of best practices across our units.

Outside Europe all operational countries were certified or recertified to the IFA Protect & Sustain program in 2018. Yara aims for all desktop operations (i.e. operations managed by Yara without any physical facility) to be certified to the IFA program in 2019 to drive our process of continuous improvement.

Additionally, Yara conducted internal HESQ audits focusing on product stewardship and chemical compliance in ten units in 2018.

# Mining management approach

## Materiality

Yara is a leading, global producer of nitrogen fertilizers. An important premium segment of the product portfolio is compound fertilizers containing other crop nutrients, of which the main ones are phosphorous (P) and potash (K). Over time, Yara has sought to increase the vertical integration of P and K, and our mining footprint has consequently grown.

Yara started implementing the GRI Mining and Metals Sector Supplement in our reporting for 2017 by mapping material topics and relevant indicators across the company's mining projects and operational sites.

The following disclosures were identified as materially important for at least one Yara site. What is considered material at a site level is not necessarily material at a Yara Corporate level:

Yara Material Topic	GRI Standards	GRI disclosures
Profitability and growth	201 Economy	201-1
Knowledge, people and technology	202 Market presence	202-2
	MM Labor management	MM4
Resources and the environment	304 Biodiversity	304-2, MM1, MM2
	305 Emissions	305-7
	306 Effluents and waste	306-2, 306-3, MM3
NA	411 Indigenous rights	MM5
NA	MM Local communities	MM6, MM7
NA	MM Closure planning	MM10

## Management approach

### Policy and commitments

Yara employs the same set of policies and standards for mining operations and projects as for any other type of operation. Supporting our mission statement Responsibly feed the world and protect the planet, Yara is committed to delivering excellent performance and following responsible business conduct across the dimensions of environment, social and governance.

Yara uses a precautionary approach. We identify risks to take preventive measures to mitigate potential harm to people and the environment. Environmental and Social Impact Assessments (ESIAs) are conducted to evaluate the impact that mining operations have on local communities. None of our mining operations have been subject to significant disputes regarding land use or customary rights of local communities and indigenous peoples.

It is Yara's practice to recruit management and personnel for all mining operations locally to the extent possible. Yara values its good relationship with employees and their organizations and consults them on a regular basis. The freedom of association and the right to collective bargaining apply to all Yara's operations, including mining operations. This is in accordance with the principles described in the Ethics and Compliance management approach disclosure.

Generic closure plans are in place for all operational mines as part of their operational permits. To mitigate any negative impact on local communities, Yara refines the closure plans for mines where closure is pending.

Yara is committed to complying with all applicable laws, rules, and regulations in the countries where we operate. We follow the strictest standards when making decisions, whether it be local or international laws and regulations, Yara's policies and procedures, or our Code of Conduct. We monitor, strive to comply with and exceed industry standards and applicable laws and regulations. Yara's HESQ policy (latest version February 2017) and the Code of Conduct (latest version January 2019) are both approved by the Yara CEO, Svein Tore Holsether, and available on our website [yara.com](http://yara.com).



## Overviews

Yara's mining projects per ownership share; whether the countries of operation are either candidate to or compliant with the Extractive Industries Transparency Initiative (EITI); and operational phase of the mining operation:

Site	Country	EITI status of country	Yara ownership	Phase of site
Yara Siilinjärvi	Finland	NA	100%	Operational
Serra do Salitre*	Brazil	NA	60%	Operational
Angico dos Dias*	Brazil	NA	60%	Operational
Irecê*	Brazil	NA	60%	Not operational. Company maintains recovery work and environmental controls.
Lagamar*	Brazil	NA	60%	Operations were closed in 2018. Company maintains recovery work and environmental controls.
Yara Dallol	Ethiopia	Member, not assessed against the 2016 standard	53.8%	Development. Advancing to final investment decision

\*) Sites owned by the JV Galvani, reference is made to note below under Responsibilities and resources. Closure of Lagamar is covered in the Stakeholder dialogue section, and as relevant under performance indicators.

### Navigation and performance per indicator / topic:

Indicator / topic	Yara Siilinjärvi, Finland	Galvani sites, Brazil	Yara Dallol, Ethiopia
201-1: Payment to local communities for land use	NA	NA	NA in current phase
202-2: Proportion of senior management hired from the local community	All Yara sites use local (domestic) management staff to the extent possible	All Yara sites use local (domestic) management staff to the extent possible	All Yara sites use local (domestic) management staff to the extent possible
MM1: Land disturbed or rehabilitated in the mining activities	Reported under the Environmental performance section, p. 66.	Reported under the Environmental performance section, p. 66	NA in current phase
MM2: Sites requiring biodiversity management plan	Reported under the Environmental performance section, p. 66.	Reported under the Environmental performance section, p. 66	NA in current phase
MM3: Overburden, rock, tailings and sludges from the mining	Reported under the Environmental performance section, p. 71.	Reported under the Environmental performance section, p. 71.	NA in current phase
MM4: Number of strikes and lockouts exceeding one week's duration	No strikes or lock-outs exceeding one week's duration	No strikes or lock-outs exceeding one week's duration	No strikes or lock-outs exceeding one week's duration
MM5: Number of operations in or adjacent to indigenous peoples' territories, percentage of operations with formal agreements with indigenous peoples' communities	NA	NA	Central requirement identified as part of ESIAS

Indicator / topic	Yara Siitlinjärvi, Finland	Galvani sites, Brazil	Yara Dallol, wEthiopia
MM6: Significant disputes relating to land use, customary rights of local communities and indigenous peoples	No significant disputes	No significant disputes	No significant disputes
MM7: Grievance mechanisms used to resolve issues under MM6	No significant disputes	No significant disputes	No significant disputes
MM10: Number and percentage of operations with closure plans	Generic closure plans are in place for all operational mines as part of their operational permits	Generic closure plans are in place for all operational mines as part of their operational permits	NA in current phase
304 Biodiversity	Reported under the Environmental performance section, p. 66.	Reported under the Environmental performance section, p. 66.	NA in current phase
305 Emissions	Reported under the Environmental performance section, p. 66 - 70	Reported under the Environmental performance section, p. 66 - 70	NA in current phase
306 Effluents and waste	Reported under the Environmental performance section, p. 70 - 71	Reported under the Environmental performance section, p. 70 - 71	NA in current phase

## Responsibilities and resources

The Mining business unit is part of the Production segment, with EVP Production being overall responsible. The Mining unit oversees both project development and operational mines.

Galvani is a Joint Venture with Yara as the majority shareholder. Through the Chair position on the JV Board, Yara manages the expectations for HESQ and Ethics and Compliance standards and performance.

In October 2018 Yara agreed to acquire the remaining shares in Galvani Indústria, Comércio e Serviços S.A. ("Galvani"). Following the transaction, Yara owns 100% of the Serra do Salitre mine with an annual production capacity of approximately 1.2 million tonnes of phosphate ore and the non-operational Lagamar mine, which was closed in 2018. The mining units in Angico dos Dias and Irecê, as well as the Santa Quitéria greenfield phosphate project, have been separated out in a new company fully controlled and managed by the former Joint Venture partner, the Galvani family.

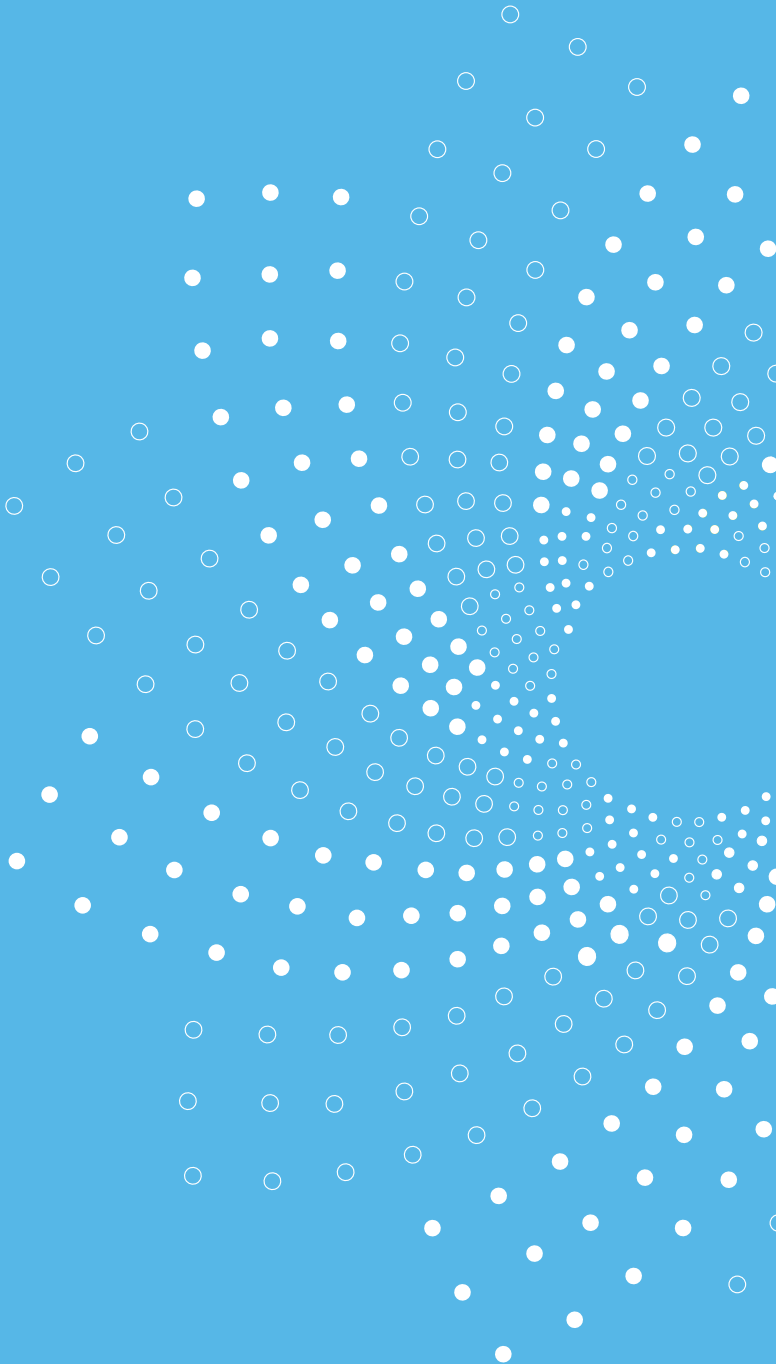
Galvani is fully integrated into Yara's Compliance Program and has a Regional Compliance Manager reporting directly to Yara's Ethics and Compliance Department. For HESQ management, Galvani adopts all Yara's HESQ policies, with a dotted line of reporting into the Yara organization.

Yara Dallol B.V ("Yara Dallol") is a Joint Venture with Yara being the majority shareholder. The JV follows Yara standards for HESQ and Ethics and Compliance. Furthermore, Yara holds the Chair position of the JV Board.

## Training and awareness, grievance and evaluation

The mining sites are subject to the same policy implementation, internal audits, training and awareness building and other procedures relating to implementation and evaluation of performance, as all operational Yara sites, as described in the management approach chapters.

# Performance



# Economic Performance

## GRI 201 Economic Performance

### GRI 201-1 Direct economic value generated and distributed

Direct economic value		Report in Annual report	Line/Column name
a) Revenues	13 054	Consolidated statement of income	Revenues
	81	Consolidated statement of income	Interests and other financial income
	156	Note 14	Dividend/repayment of capital from EAls
<b>Total Revenues</b>	<b>13 291</b>		
<b>Economic value distributed</b>			
b) Operating costs	10 096	Consolidated statement of income	Raw materials, energy costs and freight expenses
	-144	Consolidated statement of income	Change in inventories of own production
	536	Consolidated statement of income	Other operating costs
<b>Sum operating costs</b>	<b>10 488</b>		
<b>c) Employee wages and benefits</b>	<b>1 207</b>	Consolidated statement of income	Payroll and related costs
d) Payments to providers of capital	187	Note 9	Interest expense
	-60	Note 9	Capitalized interests
	21	Statement of cash flow	Purchase of treasury shares
	-	Statement of cash flow	Redeemed shares Norwegian State
	219	Statement of cash flow	Dividend
<b>Sum payments to providers of capital</b>	<b>368</b>		
<b>e) Payments to government</b>	<b>110</b>	Statement of cash flow	Tax paid
<b>f) Community investments</b>	<b>2</b>	N/A	Information reported in HFM form Z2, where only the total figure for Donations, Gifts and Sponsoring is shown.
g) Fines	<b>0</b>		Non-compliance with environmental laws and/or regulations
	<b>1</b>		Non-compliance with other laws and/or regulations
<b>Sum fines paid</b>	<b>1</b>		
<b>Total economic value distributed</b>	<b>12 175</b>		
<b>Economic value retained</b>	<b>1 115</b>	Revenues - costs	

YTD figures (2018) / in million USD

The figures in 201-1 are compiled according to guidance and definitions provided by GRI. Yara's financial statements in the annual report are compiled according to IFRS, ref. to page 67 in the annual report.

The geographical spread of Yara's revenues are reported in Note 5 in the financial statements of [Yara's Annual Report](#).

## GRI 201-2 Financial implications and other risks and opportunities due to climate change

Risks which are seen as materially important to Yara are covered in the risk chapter of the annual report. Key risks and opportunities are also described in the section Key Impacts, Risks and Opportunities, p. 15. For climate change, the following risk factors apply:

### Environmental risks and regulatory framework on production/ application of nitrogen fertilizer:

Environmental impacts constitute strategic risks on Yara's license to operate, as drivers for regulatory actions and for market interventions. There is an increasing trend towards stricter governmental regulation impacting production and application of fertilizer related both to the environmental aspects and safety of handling and applying fertilizer, e.g. EU emission trading system and ever stricter limits of emissions to air and water across the world. These regulations could have a substantial impact on Yara's earnings.

#### Mitigation:

Yara continuously monitors and participates in discussions in the arena of existing and new regulations aimed at fertilizers. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available and to ensure influence to get to acceptable solutions. Yara also continuously discusses with the EU about the future CO<sub>2</sub> emissions structure for the fertilizer industry arguing that the European ammonia industry is the most efficient globally, which needs to be reflected when policies are made. On existing assets, Yara has established rigid management systems and policies to manage the environmental impacts of our operations and to reduce exposure. Moving forward, significant resources are being put into developing the "Plant of the Future" in order to meet the expected environmental requirements.

Further, Yara is differentiated by delivering better performing quality products, alongside agronomic knowledge and advice as well as precision farming technology. Such balanced crop nutrition solutions assist farmers in optimizing the use of fertilizers, ensuring high yields while reducing losses to the environment.

#### Climate risks:

Climate change poses risks which may have a negative

impact for Yara. Climate risks are related to our markets, pose operational risks to our assets and involves risks to the supply chain and to infrastructure. Climate change leads to societal processes which may pose risks on market preferences, legislation and technology. The societal aspects are as much opportunities as risks.

#### Mitigation:

Yara's investments into assets are vetted against extreme weather events. Through stakeholder dialogues, Yara promotes low carbon solutions, life cycle perspectives and resource smart solutions. As a materially important topic, climate is one of the focus areas of Yara's innovation processes, where we aim to provide knowledge based mitigation solutions. The innovation efforts include resource optimization and reducing carbon footprints in agriculture, as well as developing production processes towards zero emissions.

#### Natural disasters:

Yara's production and logistics operations could be directly or indirectly affected by natural disasters.

#### Mitigation:

We have implemented specific precautionary measures for operations located in areas more likely to be affected by extreme weather conditions and natural disasters. Significant efforts are also put into crisis management training and scenario planning, to minimize potential threats to security, health and operational assets.

## GRI 201-3 Defined benefit plan obligations and other retirement plans

Yara's benefit plan liabilities are described in Note 26 of the Financial statements in [Yara's Annual Report 2018](#).

Reference is also made to additional information in disclosure 401-2.

## GRI 203 Indirect economic impacts

### GRI 203-2 Significant indirect economic impacts

Yara's operations worldwide are engaged in, and support, a wide variety of community projects and local initiatives that benefit the general public. More significant, however, is Yara's business approach, which focuses on sharing its agronomic knowledge with farmers. Yara's mission is to help responsibly feed the world and protecting the planet.

Improving cropland productivity and increasing food production depends on the application of agronomic knowledge. Yara possesses extensive knowledge, which it shares with farmers as part of its crop nutrition solutions.

In addition, Yara contributes to knowledge development and knowledge dissemination through several global initiatives and partnership projects, such as: The Farm to Market alliance launched in January 2016 by World Food Program, Rabobank, AGRA, Yara and other partners, Grow Africa, Grow Asia (both linked to the WEF New Vision of Agriculture) and the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), founded by the Tanzanian Government, Yara and other partners in 2010.

The Farm to Market alliance harnesses the efforts across eight partners to promote market access, productivity, quality and farmers' income. The alliance targets reaching 1.5 million farmers by 2022.

Since 2015, FtMA has successfully engaged about 150,000 farmers in Kenya, Rwanda, Tanzania, and Zambia and has developed a network of service delivery centers that serve as a one-stop shop through which farmers interact with service providers.

## GRI 205 Anti-corruption

### GRI 205-1 Operations assessed for risks related to corruption

Yara's risk assessment process aims to identify, evaluate and manage risk factors across all areas of the company, including corruption risks. Risk assessment is mandatory for all our operations and expert functions.

Yara Ethics and Compliance performs specific risk assessments on both corporate and regional levels, in Europe, North America, Brazil, Latin America, Asia, India and Africa. Corruption is one of the risks included in the several assessment matrices. The matrices cover several types of corruption, such as conflicts of interests, bribery, illegal gratuities, economic extortion and facilitation payments. When such risks are identified, mitigating actions are implemented.

### GRI 205-2 Communication and training about anti-corruption policies and procedures

Yara's e-learning on ethics and compliance is mandatory for all employees and is included in the onboarding of all new employees. The program covers all topics in the Code of Conduct, including anti-corruption policies and procedures. In addition to the mandatory training program for new employees, Yara's Ethics and Compliance Department performs targeted face-to-face training on anti-corruption topics. The number of employees trained on Yara's anti-corruption policies and procedures in face-to-face sessions during 2018 was more than 3,900 globally.

One of the training programs is called "Share it!". This is a role-based dilemma training program conducted

by Ethics and Compliance professionals. The program encourages managers and employees to identify and reflect on ethical and compliance related issues with a strong focus on anti-corruption. It aims to build a culture of openness around such matters. It also provides practical guidance on the Ethics and Compliance tools available, such as the Code of Conduct and the Ethics Hotline.

Yara's Code of Conduct for Business Partners and standard terms and conditions include our policies related to anti-corruption. The Code of Conduct for Business Partners describes the standards that Yara expects of its business partners. Through the IDD initiatives, Yara communicated the Code of Conduct for Business Partners to more than 2,000 business partners throughout 2018. On a risk-basis, certain business partners are selected for additional due diligence work, including training and communications.

For further details about Integrity Due Diligence within Yara, please refer to the Ethics and Compliance management approach section, p. 48.

Yara's key governance bodies include the Board of Directors and Executive Management. All members of these bodies have confirmed receipt of Yara's Code of Conduct, which they are also instrumental in developing and maintaining. Twice a year, Yara's Board of Directors receive an update on the status of the compliance program. These updates may include dilemma training from Yara's Chief Compliance Officer. All members of these bodies have completed Yara's mandatory e-learning program and are included in compliance training programs.

### GRI 205-3 Confirmed incidents of corruption and actions taken

As highlighted in the Ethics and Compliance management approach section and according to Yara International's Investigation Procedure, the risk category Corruption includes the following sub-categories: Conflicts of Interest, Bribery, Illegal gratuities, Economic Extortion, Facilitation Payments and Antitrust.

In 2018, there were 51 reports to the Ethics Hotline regarding corruption and the mentioned sub-categories. The reports related to conflicts of interest, facilitation payments, bribery and illegal gratuities and they were handled according to Yara's procedures of investigation. Of the 51 reports, 34 were resolved within the reporting period. Of the 34 resolved notifications, only eight were substantiated.

## GRI 206 Anti-competitive behavior

### GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Yara considers cases with a potential value of USD 5 million (economic loss, penalty or similar) to be of major severity, and such cases are actively followed up from a Corporate level. In 2018, two Yara entities in South America are amongst a group of twenty-four companies who are the subject of an ongoing investigation by the local authorities regarding alleged antitrust activities. One case disclosed in 2017 is pending final appeal. Here, Yara is actively defending a case in South America regarding allegations that a company Yara acquired had previously participated in anti-competitive behavior.

# Environmental performance

## Important notice

As reported last year, the associate Lifeco is fully impaired, and is no longer covered in the disclosures. Historic data was updated accordingly to allow direct comparison, which explained the variations between figures provided in the 2016 and the 2017 reports.

Yara uses SI units in reporting; tonnes refer to metric tons.

## GRI 301 Materials

### GRI 301-1 Materials used by weight or volume

Yara used approximately 8.2 million tonnes of purchased materials in 2018, an increase from 7.2 million tonnes in 2017. The increase reflects increased production volumes. Main materials used are key fertilizer raw materials like ammonia, phosphate rock, potassium salts and dolomite. These represent the majority of the purchased volume.

### GRI 301-2 Recycled input materials used

Yara is exploring the opportunities for recycling nutrients, although recycled materials as sources for nitrogen, potash or phosphate are not yet used on a material scale.

## GRI 302 Energy

### GRI 302-1 Energy consumption within the organization

Yara's total energy consumption in production was 301 million GJ in 2018. This was in line with the increase in production as a consequence of the acquisition of the Babrala plant in January 2018 and the Cubatão plants in May 2018.

Almost 85 percent of the energy is consumed as feed or fuel in ammonia production. Natural gas is the main fuel used in Yara, with more than a 90% share of the total fuel use.

Brazilian units use some renewable fuels, most notably wood chips. However, wood chips make up slightly less than half a percent of the total fuel use in 2018. In 2018, Yara purchased about 3,200 GWh of electricity for use in production.

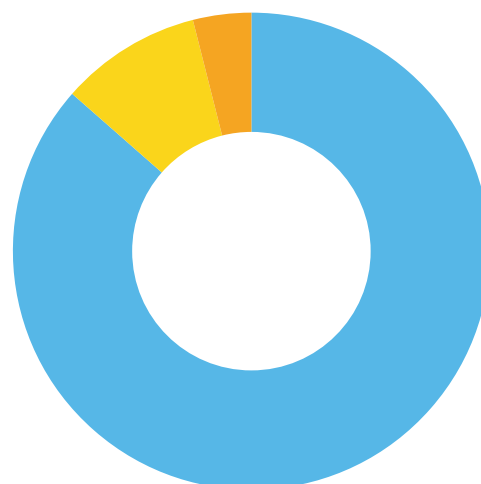
### Energy consumption in production (million GJ)

Year	2014	2015	2016	2017	2018
Total Energy consumption	251	253	266	266	301

#### Notes:

Babrala and Cubatão plants included from 2018 onwards. Cartagena and Galvani plants included from 2015 onwards. Lifeco (Libya) not included. The following adjustments have been made in calculations: Double calculation of by-product energy was avoided by basing calculations on fuel consumption. Energy sold to third parties is included in figures (formerly excluded). Own generation of by-product electricity is excluded.

*Yara energy use is dominated by ammonia production*



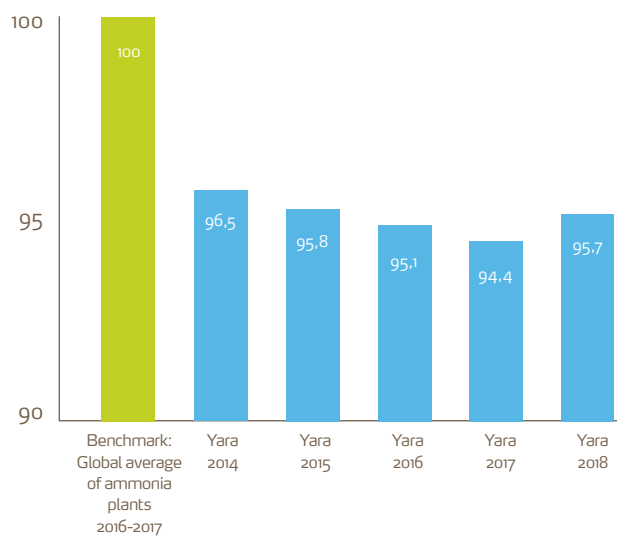
- Direct fuel consumption in Ammonia
- Direct fuel consumption in other production
- Purchased energy (mainly electricity)



### GRI 302-3 Energy intensity

Due to the dominant energy intensity of ammonia production, Yara's key energy intensity indicator is energy efficiency in ammonia production and consequently specific, annual energy KPIs are set for each ammonia plant. Despite Yara's ammonia plants performing better than the global industry average (refer to figure below) Yara did not achieve the overall KPI target for 2018. This is mainly attributed to energy consumption from both planned and unplanned production stops.

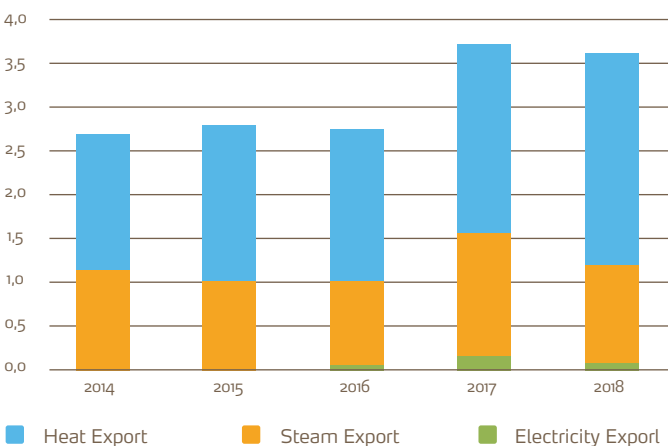
Continuous improvement of energy intensity in ammonia production  
Percentage of global average (GJ/ton NH<sub>3</sub>)



The energy intensity figure includes all the energy used in ammonia production; both production energy and energy used during shutdown periods and startups.

One of Yara's action areas to improve energy efficiency is to sell the surplus energy available from the plants. In 2018, Yara exported approximately 3.6 million GJ of byproduct heat, steam and electricity from its plants.

Energy export from Yara plants: Approximately 3.6 million GJ of surplus heat, steam and electricity sold



## GRI 303 Water and effluents

### GRI 303-3 Water withdrawal GRI 303-5 Water consumption

In 2018, Yara's total water withdrawal was 925 million m<sup>3</sup>. This was an increase of 18% from 783 million m<sup>3</sup> in 2017.

The water sources were:

- 58% surface water, including water from wetlands, rivers and lakes;
- 2% groundwater;
- 39% seawater; and
- 1% municipal water supplies.

In Yara's production, water is primarily used for cooling purposes, and to a lesser extent for steam production and production of liquid products. Thus, nearly all the water that Yara withdraws is returned to the water course, unpolluted.

### GRI 303-4 Water discharge

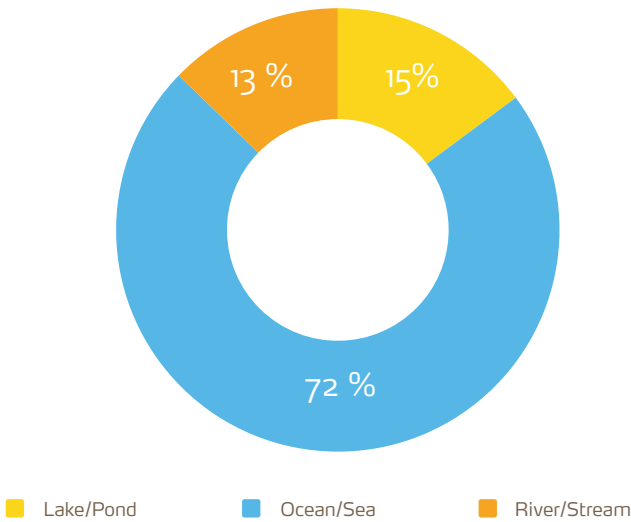
The main nutrients, nitrogen and phosphorus, are key effluent parameters relevant for waste water discharges from fertilizer production. Oxygen demand (BOD/COD) or Total Suspended Solids (TSS) are typically not relevant nor monitored due to the lack of organic material and due to the high solubility of fertilizer materials.

The total volume of water discharge was 774 million m<sup>3</sup> in 2018, compared to 722 million m<sup>3</sup> in 2017. Most of this is was cooling water, which is was returned unpolluted. 71% of the water volume was discharged to the ocean, 13% to rivers and 15% to lakes through defined discharge points. Some small streams disperse over land after treatment and are absorbed by the soil, representing only 2% of the total discharge volume.

Nitrogen discharge from Yara's plants amounted to 4,056 tonnes in 2018, compared to 2,292 tonnes in 2017. Phosphorus discharge amounted to 506.5 tonnes in 2018, compared to 39 tonnes in 2017. The increase in both N and P is directly related to the acquisition of the Babrala plant in January 2018 and the Cubatão plants in May 2018.

	Unit	2017	2018
Total volume of water discharge	million m <sup>3</sup>	722	774
N	tonnes	2,292	4,056
P	tonnes	39	507

Water discharges by destination



The parameters for water quality are chosen according to the European BAT defined for the fertilizer sector. Discharges and quality parameters are reported to the extent that they are monitored according to national regulations and sites' permits. Collected rainwater discharged from the product handling areas is only included in the figures if the site is required to collect and monitor it. Sewage water is also included in the figures, but the treatment of sewage water is not reported separately

Yara's share of emissions in less than equity-accounted investees are not included. Lifeco (Libya) is excluded from the figures.

## GRI 304 Biodiversity

Biodiversity impacts are regarded as material for Yara's mining operations, but not for the fertilizer production sites. Disclosures related to GRI 304 Biodiversity are therefore restricted to the mining operations.

### GRI 304-1 Operational sites in or adjacent to protected areas or areas of high biodiversity value MM2 Sites requiring biodiversity management plan

None of Yara's operational mining sites are in or adjacent to protected areas or areas of high biodiversity, nor are any of them required to prepare a biodiversity management plan. A voluntary biodiversity assessment is under planning at the Siilinjärvi mine as a part of this site's Sustainable Mining commitment.

### GRI 304-2 Significant impacts on biodiversity GRI 304-3 Habitats protected or restored GRI 304-4 IUCN red list species and national conservation list species

No significant, negative impacts on biodiversity, protected habitats or endangered species have been identified as a consequence of Yara's mining operations. On the contrary, the tailings areas are resting and nesting areas for birds, even for endangered bird species. Meadows, wet lands and deadwood areas have been formed in the tailings

No significant, negative impacts on biodiversity, protected habitats or endangered species have been identified as a consequence of Yara's mining operations. On the contrary, the tailings areas are resting and nesting areas for birds, even for endangered bird species. Meadows, wet lands and deadwood areas have been formed in the tailings areas, providing suitable living environments for various species.

### MM1 Land disturbed or rehabilitated in the mining activities

Yara's total mining area covered approximately 5,200 hectares in 2018. Operation expansion disturbed 28 hectares of new area, while 32 hectares were rehabilitated. No households were resettled in 2018, and the mines did not receive any significant complaints related to land use or rights.

## GRI 305 Emissions

### GRI 305-1 Direct greenhouse gas (GHG) emissions (Scope 1)

For more than a decade, Yara has made good progress in reducing its carbon footprint. In 2018, Yara's greenhouse gas (GHG) emissions totaled 16.6 million tonnes of CO<sub>2</sub> equivalents, compared to 15.1 million tonnes in 2017 with the increase directly linked to the increased volume capacity with the acquisition of the Babrala plant in January 2018 and the Cubatão plants in May 2018.

In 2017, Yara aligned its calculations with the Greenhouse Gas Protocol and the European Emission Trading sector guidance. Thus, CO<sub>2</sub> used as feedstock in on-site chemical production processes, such as in urea production, are now included in Scope 1 emissions instead of Scope 3. Historical values have been adjusted accordingly in the table below.

Greenhouse gases from Yara production					
million tonnes of CO <sub>2</sub> equivalents	2014	2015	2016	2017	2018
	14.7	15.2	15.4	15.1	16.6

\*) Babrala and Cubatão included 2018 onwards. Cartagena and Galvani included 2015 onwards; Lifeco excluded from figures

Yara's European nitric acid and ammonia plants are covered by the European Union Emissions Trading System (EU ETS). In 2018, Yara emitted approximately 9 million tonnes CO<sub>2</sub>e from these plants (notice: the figures are still undergoing the official ETS verification). At the same time, Yara will receive approximately 8.25 million EUAs (EU Allowance unit, one ton of CO<sub>2</sub> under the EU ETS) in total, creating a shortage of 750,000 tonnes CO<sub>2</sub>e in 2018.

**Gases included in the calculation:**

Relevant gases for calculating the carbon footprint of fertilizers are CO<sub>2</sub> from fossil fuels and N<sub>2</sub>O from nitric acid production.

**Emission factors and global warming potential (GWP) rates used:**

When assessing the potential impact of its emissions on the environment, Yara uses the principles given in the Operational guidelines for the ISO 14040 Life Cycle Assessment standards.

The greenhouse gases relevant for to Yara's production plants are CO<sub>2</sub> from use of fuels and N<sub>2</sub>O from nitric acid production. These are calculated as CO<sub>2</sub> equivalents using the following factors, corresponding to the emissions factors in IPCC (2006):

CO<sub>2</sub> to air: 1  
N<sub>2</sub>O to air: 298

The greenhouse gas emissions are consolidated according to the operational control approach. Joint ventures where Yara has operational control are included. Yara's share of production, energy or emissions in less than equity-accounted investees are not included.

**GRI 305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2)**

Yara has estimated the Scope 2 greenhouse gas emissions relevant to the company's purchased energy. The gross location-based energy indirect GHG emissions related to production and supply of purchased electricity were 1.0 million tonnes of CO<sub>2</sub> equivalents in 2018. The respective gross market-based energy indirect GHG emissions were 1.4 million tonnes of CO<sub>2</sub> equivalents in 2018.

The location-based calculation used factors of energy supply emissions given in the Fertilizers Europe Carbon Footprint calculator. The European Residual Mixes 2016 published by the Association of Issuing Bodies (AIB) were used as market-based emission factors. Location-based factors were used for calculation of market-based figures for non-European countries.

**GRI 305-3 Energy indirect greenhouse gas (GHG) emissions (Scope 3)**

Yara also estimated the Scope 3 greenhouse gas emissions relevant to fertilizers produced by Yara.

The estimate included the production of fuels and raw materials supplied for Yara production, upstream transport to Yara sites and downstream transport of Yara fertilizers to customers. Emissions related to the use of Yara fertilizers at farms were also included. Traded products or blended products based on third party components were not included, neither were any Industrial uses of Yara products.

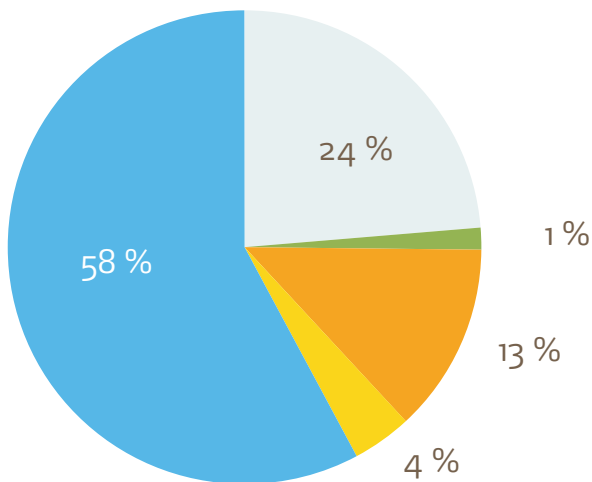
While Yara's own emissions (Scope 1) and supply of energy (Scope 2) represent approximately 24% and 1% of the total Scope 1-3 greenhouse gases, Scope 3 forms the major part of greenhouse gases.

The most significant climate related phase of the fertilizer life cycle is when used at farms. More than 50% of total greenhouse gases are formed at the farm. Regardless of Yara's global supply chains, transport is only a minor contributor to the total GHGs.

Scope	Category	Million ton CO <sub>2</sub> eqv	%
1	Yara production	16.6	24%
2	Purchased electricity (Location based)	1.0	1%
3	Purchased fuels and raw materials	9.1	13%
	Transport (upstream and downstream)	2.9	4%
	Use of fertilizer	40.5	58%
<b>Total calculated Scope 1-3</b>		<b>70.1</b>	<b>100%</b>

The estimates are based on the emission factors used in the Fertilizers Europe Carbon Footprint calculations. The same emission factors are used in the Cool Farm tool. The use phase includes calculations for formation of N<sub>2</sub>O from the use of nitrogen fertilizer, and CO<sub>2</sub> from lime application via CAN fertilizers. The use phase emissions are calculated with the IPCC emission factors.

Scope 1, 2 and 3 greenhouse gas emissions from fertilizers produced by Yara



- GHG from Yara production
- Production and supply of electricity
- Production of fuels and raw materials for Yara
- Transport (upstream and downstream)
- Use of fertilizer

GRI 305-4 Greenhouse gas (GHG) emissions intensity

Yara maintains the carbon footprint calculations for its fertilizer products. Yara uses a calculation tool specifically designed for the fertilizer sector. This makes it easy to visualize the fertilizers' impact on the carbon footprint of agricultural products. The carbon footprint for the different fertilizer grades are verified by a third party. The carbon footprint values (in kg CO<sub>2</sub>/kg product) represent the maximum carbon footprint for the specific fertilizer product and production site. Currently CFP calculations are being done and verified covering 13 Yara's main fertilizer sites (7 sites in 2017). Further sites will be calculated in 2019. More information on Yara's Carbon Footprint of fertilizer products is available on our website, see section Sustainability – Commitment and policies.

The carbon footprint covers GHG emissions related to the production of a specific fertilizer product and includes all emissions with GWP (Global Warming Potential). It includes both direct and indirect emissions from all materials directly related to the production of the fertilizer product, as delivered to the final product storage at the production site. Further, it includes the estimated emissions from purchased energy and indirect emissions resulting from the production and transportation of raw materials. The calculation does not include any emissions released from the application of the fertilizers, except the CO<sub>2</sub> from the hydrolysis of urea (see disclosure 305-1).

Yara Product	Product type	Production sites	Data vintage	kg CO <sub>2</sub> e/kg product max
YaraBela Extran 33.5	AN (33.5 %N)	Rostock, Germany Sluiskil, The Netherlands Tertre, Belgium	2013 2014 2015	1.25
YaraBela Extran 27	CAN (27 %N)	Rostock, Germany Sluiskil, The Netherlands Tertre, Belgium	2013 2014 2015	1.04
YaraVera	Urea (46 %N) **)	Sluiskil, The Netherlands	2014	1.52
YaraUAN	UAN (30 %N)**)	Rostock, Germany Sluiskil, The Netherlands	2013 2014	1.06
YaraLiva	CN (15.5 %N)	Glomfjord, Norway Porsgrunn, Norway	2013 2013	0.65
YaraMila	NPK *) (15 %N -15 %K <sub>2</sub> O 15 %P <sub>2</sub> O <sub>5</sub> )	Glomfjord, Norway Porsgrunn, Norway Siilinjärvi, Finland Uusikaupunki, Finland	2013 2013 2013 2013	0.80

\*) Exact result of a NPK grade depends on the N-P-K ratio.

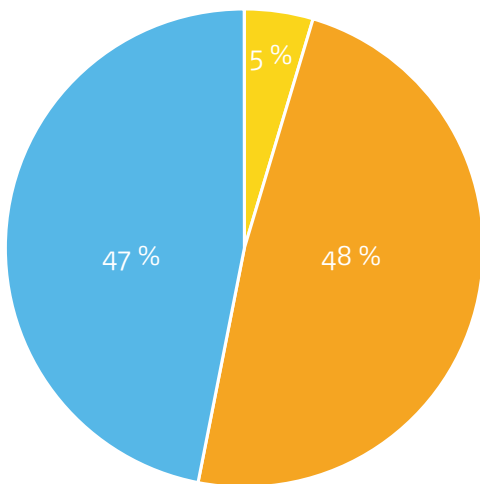
\*\*\*) The Urea and UAN figures include CO<sub>2</sub> emissions from hydrolysis after application, but no other emissions from use of the product.

### GRI 305-5 Reduction of greenhouse gas (GHG) emissions

So far, Yara's most significant initiative to reduce GHG emissions is the installation of N<sub>2</sub>O catalyst technology at its nitric acid plants. The catalysts remove about 90% of the N<sub>2</sub>O emissions in Yara's plants. Yara's catalyst technology is also commercially available to third parties. Catalysts have been installed at close to 60 plants so far.

Through continuous improvements in energy efficiency and the good performance of the N<sub>2</sub>O catalyst technology at the nitric acid plants, Yara has achieved a significant reduction in GHG emissions when compared to 2004, when the company was established. GHG emissions from Yara production are almost half of what they would have been without the use of N<sub>2</sub>O abatement. The reduction represents about 14.7 million tonnes of CO<sub>2</sub> equivalents annually.

#### Comparison of GHG emissions and emission reductions



■ GHG emissions avoided by N<sub>2</sub>O abatement and energy efficiency ■ N<sub>2</sub>O emissions ■ CO<sub>2</sub> emissions

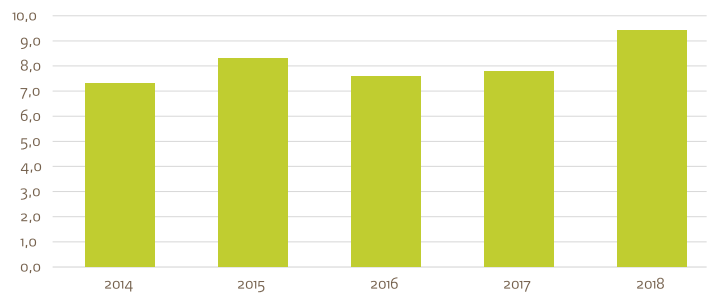
### GRI 305-7 NOx, SOx, and other significant air emissions

The main emissions to air from fertilizer plants and phosphate mines are nitrogen oxides, sulphur oxides, ammonia, fluorides and dust. As fertilizer production is based on inorganic raw materials, it is not regarded as a significant emitter of any of the most hazardous organic pollutants like VOCs (Volatile Organic Compounds), POPs (Persistent Organic Compounds), Polyaromatic Hydrocarbons (PAH) or Dioxins or Furans (PCDDs/F).

Yara continues to install and revamp DeNOx units at the production sites, reducing the emission of NOx over time. For example, emission levels in Porsgrunn have been

reduced from approximately 700 tonnes NOx per year to less than 200 tonnes. The stability of the plants and the DeNOx abatement have contributed to the reduction of NOx. Total NOx emissions from Yara plants in 2018 was 9,394 tonnes of NO<sub>2</sub>, compared to 7,796 tonnes in 2017. However, this increase is directly attributable to the acquisition of the Babrala plant in India in January 2018 and the plants in Cubatão in May 2018 as NOx emissions in 2018, excluding these two plants were 7,749 tonnes.

#### NOx emissions (thousand tonnes NO<sub>2</sub>)



The increase in 2015 is due to the acquisition of the Cartagena and Galvani plants and the increase in 2018 is due to the acquisition of the Babrala plant in January 2018 and the Cubatão plants in May 2018.

SOx emissions from Yara plants are mainly the result of sulphuric acid production. Yara's SOx emissions are currently about 2,000 tonnes per year (1,901 tonnes SO<sub>2</sub> in 2018 and 1,981 tonnes in 2017). However, the level is 40% lower than in 2010 (4,600 tonnes in 2010), largely thanks to the change of fuel used in the Brunsbüttel ammonia plant.

Approximately 3,800 tonnes of dust were emitted from Yara plants in 2018. The dust is either plant nutrients, raw material inerts or salts.

	Unit	2017	2018*
NOx	tonnes NO <sub>2</sub>	7,796	9,394
SOx	tonnes SO <sub>2</sub>	1,981	1,901
NH <sub>3</sub>	tonnes	3,499	4,777
F	tonnes	16	31
Dust	tonnes	3,366	3,883

\* Include emissions from Babrala plant (acquired in January 2018) and Cubatão plants (acquired in May 2018) for the full year.

Air emissions are measured, analyzed and registered according to national regulations. Emissions are included in the data to the extent that monitoring is in place at the plants. When assessing the potential impact of emissions on the environment, Yara uses the principles given in

the operational guidelines for the ISO 14040 Life Cycle Assessment standards. Emissions from the Babrala plant and Cubatão plants are included from 2018, Galvani and Cartagena plants are included in the figures from 2015 onwards. Lifeco (Libya) figures have been excluded from 2017 and historical data.

**Noise and vibration**

Regulatory noise limits apply to most of Yara’s sites. Despite a few individual noise complaints, Yara’s operations comply with noise regulations. Yara’s mining operations are covered by regulatory limits for seismic impacts of blasting. Explosives are rarely used in Yara’s Brazilian mines. The Siilinjärvi mine in Finland has a strict regime for its blasting activity, and the site complies with the requirements.

**GRI 306 Effluents and waste**

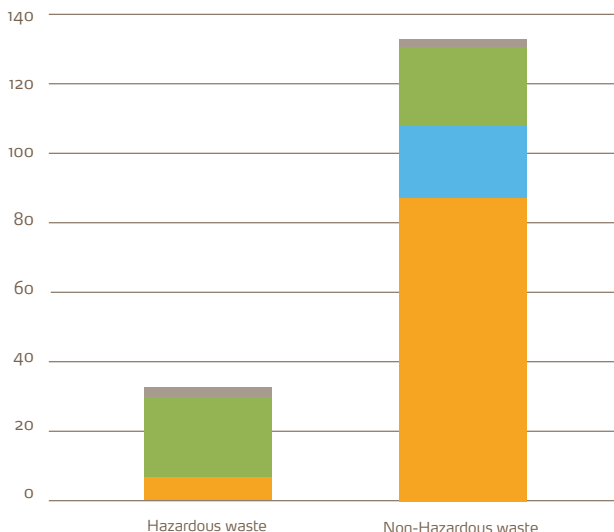
**GRI 306-2 Waste by type and disposal method**

There are very few specific wastes relevant to fertilizer manufacturing. Large-volume apatite mining wastes are reported under MM3. Gypsum generated in the phosphoric acid production and iron oxide generated in the production of sulphuric acid are reported separately below.

Typical hazardous wastes from fertilizer manufacturing are waste oils, chemical residues and other wastes from

*Waste by type and disposal method, excluding phosphate mining related wastes, gypsum and iron oxide (thousand tonnes)*

- Incinerated (onsite and offsite)
- Landfill offsite
- Storage onsite
- Recycled/reused (onsite and/or offsite)



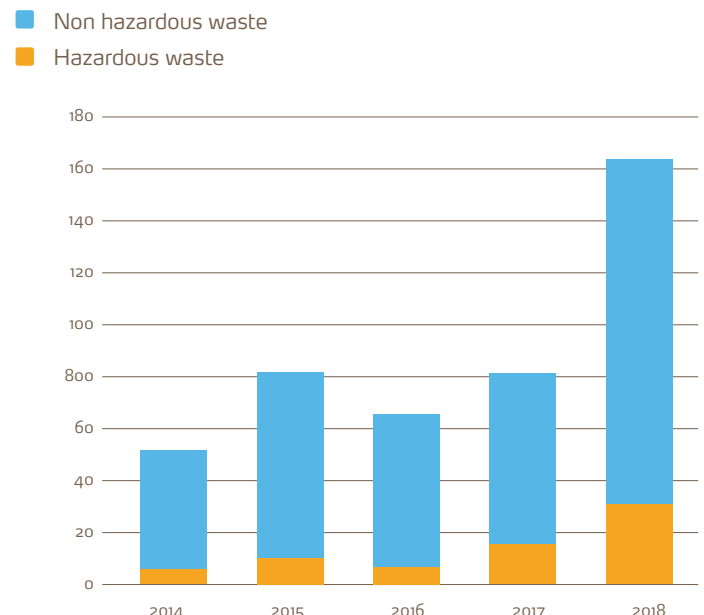
maintenance activities. Typical non-hazardous wastes are construction and demolition materials and scrap generated through investment and demolition activities.

Yara's production operations generated about 133,000 tonnes of non-hazardous waste (65,700 in 2017) and 31,000 tonnes of hazardous waste in 2018 (15,600 tonnes in 2017). Of all the non-hazardous waste, 66% was recycled, slightly less than what was recycled in 2017. The increase in non-hazardous waste was attributed to both expansion works at one unit and a demolition project at another. The increase in total volume of hazardous waste was due to the removal and disposal of over 16,500 m<sup>3</sup> of wastewater from an onsite containment pond.

Incineration treatment of waste also includes recovery of energy. Disposal methods are typically informed by the waste contractors unless default methods are known by the site. Most of the iron oxide and part of the gypsum generated in the sulphuric and phosphoric acid production were sold as by-products in 2018. Remaining volumes were stored in on-site landfills. The table below includes the gypsum generated for the full year at the Cubatão sulphuric acid plants acquired by Yara in May 2018. Most of the iron oxide and part of the gypsum generated in the sulphuric and phosphoric acid production were sold as by-products in 2018. Remaining volumes were stored in on-site landfills. The table below includes the gypsum generated for the full year at the Cubatão sulphuric acid plants acquired by Yara in May 2018.

Material	Unit	Sold as byproduct	Stored in on-site landfill
Gypsum	thousand tonnes	522	1,646
Iron oxide	thousand tonnes	365	205

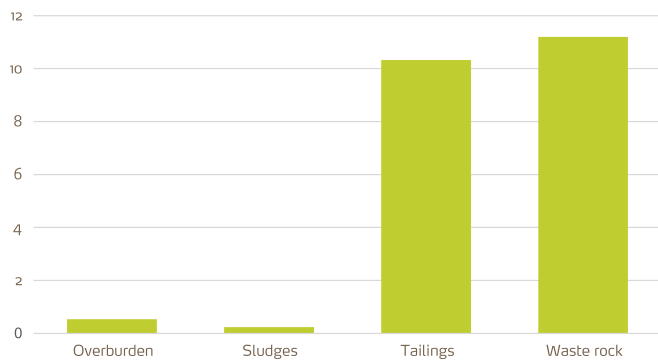
*Amount of generated waste (thousand tonnes)*



### MM<sub>3</sub> Overburden, rock, tailings and sludges from the mining

Yara’s mining operations dealt with approximately 22 million tonnes of materials from extractive activities. Waste rock in the quantity of 11.2 million tonnes and overburden of 0.5 million tonnes were removed to process the ores. Tailings and sludges totaled 10.6 million tonnes in 2018. These were stored in on-site tailings ponds and stock piles.

Mining related waste (million tonnes)



### GRI 306-3 Significant spills

Of the 220 environmental incidents reported during 2018, two (2) of these were spills that were assessed as having an environmental, financial or reputational impact at severity level 2, i.e., considered to be significant. The first was a nitrate contamination of groundwater and the second was a release of ammonia.

No spills were reported at the mining sites. Yara mines have strict emergency response/dam safety plans in place, describing the operational procedures, risks, potential consequences and mitigation actions for flooding, leakage or damage of the dam.

## GRI 307 Environmental compliance

### GRI 307-1 Non-compliance with environmental laws and regulations

Fourteen Yara sites reported permit breaches to local authorities in 2018. Their root causes have been investigated and corrective measures are ongoing to ensure further conformity. The breaches were mainly related to exceedances of air emission limits (mainly NOx) and discharges to water exceeding the nitrogen or phosphorus limits. Yara sites’ current environmental permits do not typically differentiate between normal operational conditions and other-than normal operational conditions. Most of the breaches were caused by abnormal operational conditions, like safety releases at plant trips, process disturbances or abatement equipment damages. As reported in 2017, Yara Montoir, France, is implementing a long-term action plan to reach compliance with water discharge regulations. A new sewage system has been installed and further water treatment options are under investigation. As binding BAT limits for fertilizer plants have not yet been given in Europe, the discussion about target levels continue.

Six Yara sites received fines or other sanctions from local authorities for environmental breaches in 2018. The total sum of the fines was less than USD 0.3 million.

## GRI 308 Supplier Environmental Assessment

### GRI 308-1 New suppliers that were screened using environmental criteria

Yara has implemented a company-wide Integrity Due Diligence (IDD) process, which includes the screening of suppliers against environmental criteria. By reviewing potential and existing suppliers, and working with them to explain our standards, Yara manages the performance of its vendor base. For further details about the IDD process, please refer to the Ethics and Compliance management approach section, p. 48.

In major technical projects, potential environmental impacts and hazards are identified in an early project phase. Based on this assessment, environmental and safety specifications for the design and construction are created. Throughout the project, suppliers' performance is followed up according to a project specific HES program, which also defines the roles and responsibilities of each party. Yara continued to implement this structure to its major technical projects throughout 2018, in addition to preparing complete specifications for the bidding phase.

## GRI 308-2 Negative environmental impacts in the supply chain and actions taken

Yara has an Integrity Due Diligence (IDD) framework implemented in all Yara companies. By reviewing potential and existing suppliers, and working with them to explain our standards, Yara manages the performance of its vendor base. During 2018, Yara did not record any significant environmental breach related to its supply chain.

For more on the IDD framework, please refer to the Ethics and Compliance management approach section, p. 48.



# Labor practices and decent work

## Social topics

### GRI 401-1 New employee hires and employee turnover

*New hires and turnover by age, gender and region*

New Hire/ Leaver	Age Group	Africa	Asia	Brazil	Europe	Latin America	North America	Grand Total
Female New Hire	Above 50	2	9	10	9	3	1	34
	Below 30	3	21	122	44	21	4	215
	Between 30-50	10	23	143	78	22	6	282
Male New Hire	Above 50	1	33	227	28	4	6	299
	Below 30	7	59	382	84	36	6	574
	Between 30-50	14	94	861	173	65	27	1,234
<b>New Hire Total</b>		<b>37</b>	<b>239</b>	<b>1,745</b>	<b>416</b>	<b>151</b>	<b>50</b>	<b>2,638</b>
Female Leaving Yara	Above 50		7	7	16	3	3	36
	Below 30		9	55	10	22	1	97
	Between 30-50	5	15	97	37	21	2	177
Male Leaving Yara	Above 50	9	13	80	132	12	10	256
	Below 30	3	31	206	24	32	1	297
	Between 30-50	26	62	436	103	62	12	701
<b>Leaving Yara Total</b>		<b>43</b>	<b>137</b>	<b>881</b>	<b>322</b>	<b>152</b>	<b>29</b>	<b>1,564</b>

### GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

The table on p. 74 displays benefits provided to permanent employees and non-permanent employees, ranging from disability coverage, flexible working hours, health care facilities and life insurance. Benefits provided to permanent employees that are not provided to non-permanent employees differ based on country. The percentages represent the number of employees being covered by various benefits in individual countries.

Some countries with major sites offer different benefits on different sites. Other benefits provided to employees in certain countries are educational assistance, matched savings plan and paid matched vacation.

*Benefits for permanent and temporary employees*

	Disability coverage	Flexible working hours	Health care facilities/subsidies	Life insurance	Paid maternity above the legal requirements	Retirement/pension plan	Stock ownership
Permanent Employees	73.6%	33.0%	90.5%	89.1%	20.1%	82.9%	13.3%
Temporary Employees	82.8%	15.5%	82.3%	80.9%	10.3%	77.7%	1.3%

**GRI 401-3 Parental leave***Return to work and retention rates after parental leave*

	Africa	Asia	Brazil	Europe	Latin America	North America
How many female employees met the requirements for going out on parental leave (Meeting the requirements means being pregnant or adopting)	5	8	51	104	16	6
How many female employees returned to work after parental leave ended	5	8	47	45	15	4
How many female employees took parental leave	5	9	51	70	16	4
How many male employees met the requirements for going out on parental leave	21	26	152	292	33	8
How many male employees returned to work after parental leave ended	21	27	152	171	32	8
How many male employees took parental leave	21	27	152	155	32	8
How many of the female employees who returned to work after parental leave ended were still employed twelve months after their return to work	1	7	45	49	7	4
How many of the male employees who returned to work after parental leave ended were still employed twelve months after their return to work	13	26	148	156	18	8

*GRI 403-1 Occupational health and safety management system*

Yara requires all manufacturing plants to be certified to the three widely recognized standards ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems. For further details refer to p 39.

Yara obtained umbrella certification for the Production segment and its 21 units worldwide in 2017 and in 2019 intends to continue working towards umbrella certification for remaining operations.

### GRI 403-2 Hazard identification, risk assessment, and incident investigation

Yara has a company-wide system in place for the assessment of occupational health and safety risks as well as the reporting and handling of occupational health and safety accidents and incidents. The incident reporting system is managed by the Corporate HESQ function.

### GRI 403-3 Occupational health services

During 2018 Yara launched a company-wide occupational health management system to ensure a common standard and a global approach to occupational health services.

### GRI 403-4 Worker participation, consultation, and communication on occupational health and safety

All production sites have a mandatory health and safety committee that covers all of the employees working on the site.

Fifty-four (54) of the reporting countries have a health and safety committee in place. All in all, the committees cover 16,198 employees, equal to 96.6% of our workers. This is in line with the coverage in 2017. At the smaller units this activity is just in the starting phase.

Health and safety topics are covered in all trade agreements between Yara and its unions. Yara has set up a European Works Council to promote cooperation between management and European employee representatives to meet the company’s economic, social and environmental challenges. This agreement has been amended with a Safety Agreement, to share the same commitment to safety and to reach the goal of zero accidents. Safety principles such as application of site safety rules, joint health and safety committees, and employee participation and involvement are covered. This agreement is also used as a guideline for non-European units, although it does not have a formal position outside Europe.

### GRI 403-5 Worker training on occupational health and safety

A practical and interactive training program “Together we learn” was developed and rolled out to all employees, leaders and contractors in all segments and units in 2018.

### GRI 403-6 Promotion of work health

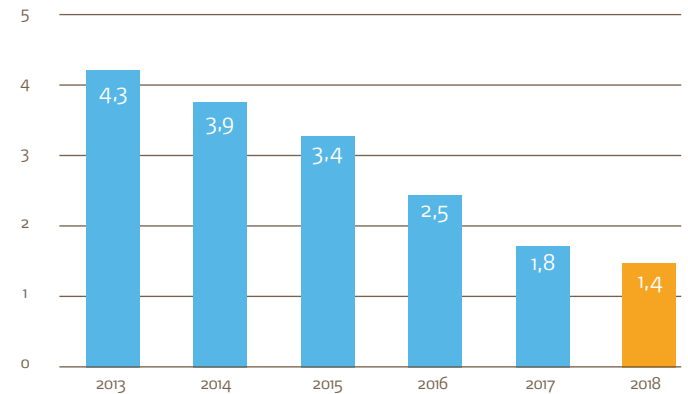
### GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

As Yara's products and raw materials include hazardous chemicals like ammonia and acids, identification of work related hazards, assessment of risk and implementation of adequate mitigation measures cover all employees in Yara. In addition, chemical exposure risk assessments are carried out for every task with a potential exposure to hazardous chemicals.

### GRI 403-9 Work-related injuries

Yara achieved a TRI rate of 1.4 (Total Recordable Injuries per million hours worked for employees and contractors combined), an outstanding improvement of 28 percent compared to 2017 and better than the target rate 1.8.

Total Recordable Injury (TRI) rate per million hours worked Yara employees and contractors combined



The TRI rate includes fatalities, lost-time injuries, restricted work cases (employees and contractors were able to be at work, but on restricted duties), and medical treatment cases.

Since mid-2013 Yara has been working to further improve its safety performance by implementing the program “Safe by Choice”. The purpose of this program is to develop a strong safety culture in Yara’s growing global organization through both emotional, rational and sustainable organizational developments. Yara's TRI rate has steadily declined since the program was launched, from a TRI rate of 4.3 in 2013 to 1.4 in 2018. We recognize that occupational and process risks are inherent to our business but are confident that our dedication and commitment to safety will continue to deliver sustainable improvements.

### Injuries and sickness rate

	2014	2015	2016*)	2017	2018 ***)
TRI rate employees	3.1	2.9	2.2	1.5	0.9
TRI rate contractors	5.6	4.6	3.0	2.3	1.9
TRI rate employees and contractors	3.9	3.4	2.5	1.8	1.4
Sickness rate (percent) **)	Not available	3.3	3.3	2.8	3.4

\*) Cartagena and Galvani operations included in TRI rates in 2016 and Serra do Salitre construction site in 2017.

\*\*) Calculated as sick leave hours divided by actual working hours. The reporting process of sick leave is being refined, so the data may not be fully consistent.

\*\*\*) Babrala operations included as of 2018, while Cubatão figures are not included.

Unfortunately, Yara suffered a fatality in 2018. In France, a contractor working on scaffolding was caught between a rotating drum and the scaffold. The accident has been investigated to identify root causes, with corresponding learnings and measures implemented.

Yara pursues a target of zero major process safety accidents. Yara defines Tier 1 (major) process safety incidents as those being classified as severity 1, 2 or 3. During 2018 there were no severity 1 incidents, one (1) severity 2 incident and five (5) severity 3 incidents.

## GRI 404 Training and education

### GRI 404-1 Average hours of training per year per employee

In 2018, Yara spent approximately NOK 64.7 million on external training, equating to about NOK 4,300 per permanent employee.

3,729 employees had individual development plans agreed with their managers in a development discussion and documented in the HR information system. Employees with non-digital development plans are not included in this number. In addition to formal training activities, Yara emphasizes on-the-job learning activities and learning from others (coaching, shadowing, etc.).

Yara has an exhaustive online learning catalog with more than 300 modules. These activities, under the heading of YaraLearning, are available to all employees and contents are aligned with business and employee needs.

In addition to the investment made in external training listed above, Yara also launched globally customized internal training programs developed with the support of external partners, a mandatory Ethics Training Program for all employees, as well as project and people management courses available to the employees who have this as development actions in their development plans. Employees also benefit from local training initiatives fulfilling local needs.

### GRI 404-2 Programs for upgrading employee skills and transition assistance programs

Percentage of countries that provide assistance programs

	2018	2017
Africa	10,0%	10,0%
Asia & Oceania	16,7%	27,3%
Brazil	100,0%	100,0%
Europe	50,0%	45,5%
Latin America	37,5%	11,1%
North America	66,7%	66,7%
Yara	36,2%	32,1%

Types of assistance offered

	2018
Percentage of countries that offer assistance when transit to retirement	17.2%
Percentage of countries that offer outplacement services	22.4%
Percentage of countries that offer pre-retirement planning	20.7%
Percentage of countries that don't offer severance pay	70.7%
Percentage of countries that offer training for ones continuing professional career	17.2%

### GRI 404-3 Percentage of employees receiving regular performance and career development reviews

In 2018, there were two global processes for performance and career development; the Performance Management Process and the Talent Development process (called the Performance & Development Discussions). In the Performance Management Process in December/January, performance from the previous year is evaluated and goals are set for the coming year.

Employees that do not yet have access to the support tools in the HR Information System complete the processes on paper. The numbers in the tables below refer to employees with performance reviews and development plans compared with the total number of permanent employees.

### Performance plans

Gender	Africa	Asia & Oceania	Brazil	Europe	Latin America	North America	Grand Total
Female	82	220	666	1290	378	91	2,727
Male	298	1018	1,842	4,266	996	355	8,775
<b>Grand Total</b>	<b>380</b>	<b>1,238</b>	<b>2,508</b>	<b>5,556</b>	<b>1,374</b>	<b>446</b>	<b>11,502</b>
% of Total	68 %	91 %	41 %	85 %	92 %	67 %	69 %

### Development plans

Gender	Africa	Asia & Oceania	Brazil	Europe	Latin America	North America	Grand Total
Female	47	66	90	520	121	57	901
Male	206	225	215	1,826	196	160	2,828
<b>Grand Total</b>	<b>253</b>	<b>291</b>	<b>305</b>	<b>2,346</b>	<b>317</b>	<b>217</b>	<b>3,729</b>
% of total	40 %	37 %	5 %	38 %	21 %	33 %	24 %

### GRI 405-1 Diversity of governance bodies and employees

Yara strives to improve diversity in both corporate management as well as board composition. During 2018, Yara's Executive Management Team consisted of ten members. Three were female and three were non-Norwegians (Belgian, Brazilian & Chilean). Four members were between 30 and 50 years old. The rest of the group were above 50 years old.

Yara does not have a corporate assembly, and the shareholders' representatives on the Board of Directors are therefore elected directly at the Annual General Meeting.

The board of Yara consisted of eight members, of whom five are elected by the shareholders, and three are elected by and among the employees. In 2018, three members were female.

At the year-end, 28 of the top 175 management positions in Yara were filled by women. Four (4) positions were vacant. Fifty-eight (58) were held by Norwegians, 79 by other Europeans, six by North Americans, 22 by Latin Americans, five by Asians, and one by an African. 47% of the position holders were aged 50 years or older, 53% were aged between 30 and 50 years.

### GRI 405-2 Ratio of basic salary and remuneration of women to men

Yara is committed to paying employees fairly, regardless of personal beliefs or any individual characteristics. Individual remuneration will vary based on specific factors such as country, employment market conditions, position, performance and competence.

In 2018, Yara performed a gender pay gap analysis in countries with the largest employee population Brazil, Norway, Colombia, Belgium, UK and USA and which represented more than 60% of employees not on tariff defined payroll. Tariffed employees were not in scope as they don't have individual salary definition.

Yara found a gender equal pay gap in the analyzed countries, ranging from 2.1% in Norway to 16% in Colombia, which remains after correcting for factors such as position level, education and experience. The gap is already present when women start as new hires.

As part of the overall Diversity and Inclusion Strategy, Yara has set an ambition to close the gender equal pay gap over a defined period of time. Specifically, we have implemented stricter rules for salary review and recruitment. These rules are valid for both men and women in order to prohibit negative discrimination.

In order to ensure balanced pay is a priority, an additional budget from the corporate level will be set aside for all business units to close the gap over time. Yearly follow ups will be executed to determine if any additional budgets are necessary.

# Human rights performance

## GRI 406 Non-discrimination

### GRI 406-1 Incidents of discrimination and corrective actions taken

Yara's Ethics and Compliance Department received a total of 166 notifications that were classified as 'People' matters during the reporting period. Such notifications are, in principle, handled by HR. 119 were classified as harassment or discrimination, 95 of which were resolved within the reporting period. 36 notifications were found to be substantiated and 59 were found to be unsubstantiated.

The cases resolved within the reporting period had the following outcomes:

- 7 employees were dismissed
- 4 employees were given a written warning
- 13 employees were given a verbal warning
- 10 employees received coaching/training
- 2 cases without disciplinary measures

## GRI 407 Freedom of association and collective bargaining

### GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Yara recognizes and respects the employees' right to freedom of association and the right to collective bargaining within national laws and regulations. Yara does not consider any of its fully owned operations to be at significant risk of violating these rights. When operating in countries where this right is limited through local legislation, we will seek to take mitigating actions in accordance with local conditions and regulations. This includes Yara's activities in Qatar and Libya where Yara holds shares in a Joint Venture in each jurisdiction. One example of this could be encouraging independent gatherings where employees can elect members to a representative committee that will discuss work-related matters with management.

Yara expects its Business Partners to respect and uphold their employees' freedom of association involving trade unions or similar external representative organizations. This expectation is clearly stated in the Code of Conduct for Business Partners. Yara has a requirement of including its Code of Conduct in all contracts with Business Partners. Further, through Yara's Integrity Due Diligence process, suppliers are screened on a risk-basis for issues relating to labor rights and human rights.

## GRI 408 Child labor

### GRI 408-1 Operations and suppliers at significant risk for incidents of child labor

Yara does not consider its own operations to be at significant risk of child labor. Based on recommendations from the ILO, Yara does not allow children below the age of 15 to be employed in our operations. We will not allow children under the age of 18 to do work that jeopardizes their health, safety or morals. In any scenario, the employment of a minor should never be to the detriment of the child's education, development or overall well-being. No incidents of minors working in Yara facilities were identified in 2018. During 2018, three attempts of suppliers bringing children below the age of 18 to work at Yara warehouses were identified in Asia. All attempts were stopped by Yara's procedure of verifying identity and age of all temporary workers at our sites.

In Brazil, the education system gives pupils from the age of 14 the opportunity to gain work experience as apprentices. These positions are regulated by law and are also applicable to Yara's operations in Brazil.

Yara has implemented a Code of Conduct for Business Partners. Furthermore, through Yara's Integrity Due Diligence process, suppliers are screened on a risk-basis for issues relating to anti-corruption, labor rights, human rights, health and safety and environment. All registered vendors in Yara are screened daily against a global database to identify potential issues such as sanctions.

## GRI 409 Forced or compulsory labor

### GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

Yara does not consider any of its own operations to be at significant risk of forced labor. Our Code of Conduct states that, “We will not use any form of forced labor in our operations in accordance with the definitions provided by the ILO. Yara believes a work relationship should be freely chosen and free from threats.”

Yara’s Integrity Due Diligence process did not identify specific suppliers at significant risk for incidents of forced or compulsory labor. Furthermore, Yara’s Code of Conduct for Business Partners place explicit expectations for all suppliers Yara is contracting with.

## GRI 410 Security practices

### GRI 410-1 Security personnel trained in human rights policies or procedures

Yara’s own security personnel and security service providers working on Yara sites are covered by work induction training, covering site safety and security practices. In addition, Yara’s Code of Conduct covering Yara’s ethical policies and practices is available in 15 languages. It has been distributed as hard copies to 119 Yara locations around the world, with the purpose of reaching every Yara employee. Reading and understanding the Code of Conduct is mandatory for every Yara employee, and guidance is available to resolve any questions or concerns people may have.

For further details about our Ethics and Compliance Program, please refer to our [Ethics and Compliance web site](#)

For external security service providers, Yara has a Code of Conduct for Business Partners reinforcing the company’s goal to continue to develop relationships with Business partners to share corporate values. All contracts with Yara’s business partners (suppliers, agents, JV Partners, Distributors, etc.) shall refer to the Ethics Clause and Business Partner Code of Conduct.

## GRI 411 Rights of indigenous peoples

### GRI 411-1 Incidents of violations involving rights of indigenous peoples

In 2018, Yara’s Ethics and Compliance Department did not receive any reports concerning incidents of violations involving rights of indigenous peoples.

## GRI 412 Human rights assessment

### GRI 412-1 Operations that have been subject to human rights reviews or impact assessments

In 2018 the Ethics and Compliance department performed a global targeted risk assessment of human rights which included all jurisdictions where Yara has operations. In addition, human rights impact assessments were performed in Myanmar and Ethiopia. Mitigating actions and training has been implemented based on the findings for both impact assessments, as well as for the assessment performed in Brazil in 2017.

### GRI 412-2 Employee training on human rights policies or procedures

Yara’s Ethics and Compliance program takes into consideration the issue of human rights, including it as a separate topic in the Ethics and Compliance training program. Several human rights topics are also included in the mandatory e-learning for all new employees. In 2018, more than 3.900 employees received face-to-face training in Ethics and Compliance matters, including human rights as a distinct topic.

### GRI 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

The Capital Value Process refers to the steps that Yara must take when assessing the risks and benefits associated with Capital Value Transactions, and when deciding whether to allocate resources for the development, execution and operation of such. The Capital Value Process includes all significant investments and transactions. Compliance risks, including human rights, are integrated in Yara’s Capital Value Process. In the context of the Capital Value Process, the term Capital Value Transactions means transactions of any value involving:

- I. the acquisition of any interest in another company by Yara;
- II. any other forms of investment activity in other companies on the part of Yara;
- III. Yara’s involvement in partnerships, alliances, joint ventures, consortia and other similar arrangements with other companies; and
- IV. any divestments or permanent site or plant closures including consequential dismantling and demolition.

# Society performance

## GRI 413 Local communities

### GRI 413-2 Operations with significant actual and potential negative impacts on local communities

#### **Mining project in Brazil**

In Brazil, Yara's JV Galvani is developing a phosphate mining project in Serra do Salitre, Minas Gerais. Covering 2,787.5 ha, this R\$ 2.2 billion investment will provide 2,100 jobs during construction and 1,400 jobs during operation. The implementation phase was initiated in June 2015, and the first production of phosphate concentrate started in May 2018 while production of granulated fertilizer will start in 2020. Annual capacity will be 1,200,000 tonnes of phosphate concentrate and 950,000 tonnes of granulated fertilizer.

The project analyzed social and environmental impacts during the planning phase. The official permits process for the construction of the mine established safe levels of exposure. The Environmental Impact Assessment concluded that adequate mitigating measures are in place for all potential environmental impacts, including emissions monitoring and control programs, wildlife monitoring, deforestation control and a degraded areas recovery program.

For the complementary remediation actions, more than 800 ha land was purchased and set aside for environmental protection, the replanting of seedlings from natural species found on the project site and the relocation of wildlife to protected areas. Endangered species were not identified on site but are known to live in the region.

The main socioeconomic exposures are noise, rising local expectations, job and income generation, traffic increase on highways and an increased urbanization process. The mining project will prefer to hire staff in the local region, which will have both direct and indirect positive impacts.

Indirect socioeconomic impacts have also been identified as a consequence of embedding a substantial economic operation into a modestly sized community. These involve the preparedness of local authorities, infrastructure capacity and human and economic development.

Mitigating actions include but are not limited to: Collaboration with a local NGO to plan and support the local education system, training of local labor, developing a contingency plan for local public service capacity (hospital, school, sewage) and road repairs.

#### **Lagamar, Brazil**

The phosphate mine Lagamar, in Brazil, operated by the JV Galvani, was closed in 2018. The closure process was planned and executed for several years. Throughout the process consultations were held with stakeholders, including the Mayor of the municipality and public entities involved in industrial and occupational support.

The closure plan was initiated with a first round of labor qualification programs to stimulate employees to requalify for non-mining jobs. The mine was the second largest employer in the local community. Twenty-one different programs are included in the process, with the program offerings also being extended to relatives of employees and community members. Of the 131 employees registered at the programs' inception in 2015, 13 were registered as unemployed and 13 remained employed on the site at the end of 2018.

#### **Mining project in Ethiopia**

In Dallol, Ethiopia, there is a contingent of Yara Dallol BV direct employees and contractor employees who may be affected. An estimated 150 workers will be involved in preparing work before construction, including Yara Dallol BV direct employees and contractor employees. The Environmental and Social Impact Assessment is available on the web at [erm.com](http://erm.com). Reference is also made to Mining Management Approach, p. 56.

## GRI 414 Supplier social assessment

### GRI 414-1 New suppliers that were screened using social criteria

Yara's Integrity Due Diligence Procedure requires an assessment of all new suppliers against key risk factors and red flags, including concerns for labor practices, working conditions, human rights and societal impacts. If a risk



is present, further research is required, including a self-declaration from the supplier concerning the topic flagged, inter alia.

### GRI 414-2 Negative social impacts in the supply chain and actions taken

Yara's Integrity Due Diligence Procedure is designed to identify any negative social impacts in the supply chain. In 2018, Ethics and Compliance assisted the supply chain organisation in designing and implementing a supplier audit program which includes social and human rights aspects. Audits will be performed in 2019 on a risk basis.

## GRI 415 Public policy

### GRI 415-1 Political contributions

In 2018, Yara did not make any political contributions, neither financial nor in-kind.

## GRI 419 Socioeconomic compliance

### GRI 419-1 Non-compliance with laws and regulations in the social and economic area

Yara considers cases with a value of USD 5 million (economic loss, penalty or similar) to be of major severity, and such cases are actively followed up by the Corporate level. In 2018, no fines above this threshold were registered. A total of nine fines were on record, with a total sum of approximately USD 0.7 million.

# Product responsibility performance

## GRI 416 Customer health and safety

### GRI 416-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

The fertilizer product stewardship programs, international, regional and national chemical legislation (like REACH in Europe), fertilizer legislation and other sector specific legislation, require assessments of health and safety impacts throughout the life cycle of the products. This requirement covers all Yara’s significant product categories:

	Fertilizer uses	Industrial uses
Ammonia	HSE impacts assessed	HSE impacts assessed
Urea	HSE impacts assessed	HSE impacts assessed
Nitrates	HSE impacts assessed	HSE impacts assessed
NPKs	HSE impacts assessed	HSE impacts assessed
CN	HSE impacts assessed	HSE impacts assessed
UAN	HSE impacts assessed	HSE impacts assessed
SSP	HSE impacts assessed	HSE impacts assessed
DAP/MAP	HSE impacts assessed	HSE impacts assessed

### GRI 416-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome

In 2018, Yara recorded no significant incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of its products or services.

## GRI 417 Marketing and labeling

### GRI 417-1 Requirements for product and service information and labeling

In addition to information about nutrient content and the correct use of the fertilizers, products are classified and labeled according to the European CLP Regulation in EU/EEA markets. Globally, Yara classifies and labels its products following either the European CLP regulation or the local legislation, e.g. the American OSHA and EPA standards in North America.

In line with changes in chemical legislation in many countries of the world, Yara also classifies and labels its products according to the UN Globally Harmonized System of Classification and Labeling of Chemicals. Additional local requirements, such as local fertilizer regulations or food and feed regulations, are managed by local Yara units.

All of the following information is needed for the classification of the products and the provision of safety data sheets, and to ensure compliance with relevant chemical and product registrations:

- i. Raw materials purchased and used for the product
- ii. Content (composition) of the product, with particular regard to hazardous substances
- iii. Guidance for safe use of the product (via the exposure scenarios of chemicals in Europe)
- iv. Guidance for safe disposal of the product

These procedures cover all Yara’s products as well as raw materials:

	Fertilizer uses	Industrial uses
Ammonia	HSE impacts assessed	HSE impacts assessed
Urea	HSE impacts assessed	HSE impacts assessed
Nitrates	HSE impacts assessed	HSE impacts assessed
NPKs	HSE impacts assessed	HSE impacts assessed
CN	HSE impacts assessed	HSE impacts assessed
UAN	HSE impacts assessed	HSE impacts assessed
SSP	HSE impacts assessed	HSE impacts assessed
DAP/MAP	HSE impacts assessed	HSE impacts assessed

Safety data sheets for Yara products can be found on the Yara web page.

[Yara Safety Data Sheets](#)

#### 417-2 Incidents of non-compliance concerning product and service information and labeling

In 2018, Yara was not subject to any significant fines for non-compliance with laws or regulations concerning the provision and use of products and services.

To the management of Yara International ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Yara's GRI Report 2018

We have reviewed Yara's GRI Report 2018 ("the Report") presented on [www.yara.com](http://www.yara.com). The Report is the responsibility of and has been approved by the management of Yara International ASA ("Yara"). Our responsibility is to draw a conclusion based on our review.

We have based our work on the international assurance standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews with management and individual resources responsible for the GRI reporting at corporate and at selected production units represented by Yara Italy Ravenna and Yara Ferrara.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

### Conclusions

Based on our review, nothing has come to our attention causing us not to believe that:

- Yara has applied procedures to identify, collect, compile and validate information for 2018 to be included in the Report, as described in the Report.
- Information presented for 2018 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Yara has applied a reporting practice for its GRI Report aligned with the Global Reporting Initiative (GRI) Standards' reporting principles.
- The Report fulfils the Core "in accordance" criteria in the GRI Standards and appropriately provides information, or refers to information, on each of the reported disclosures of the GRI Standards.

Oslo, 29 March 2019

Deloitte AS



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